

# Connections Process Advisory Group

## Meeting 3 Minutes

**Date:** 08/02/2024      **Location:** MS Teams

## Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Merlin Hyman, Regen, CHAIR	Attend	Deborah, MacPherson, ScottishPower Renewables	Attend
Neil Bennett, SSEN Transmission	Attend	Jennifer Pride, Welsh Government	Attend
David Boyer, ENA	Attend	Oz Russell, ADE	Attend
Chris Clark, Emtec Group	Attend	Andrew Scott, SSE Distribution	Regrets
Catherine Cleary, Roadnight Taylor	Attend	Patrick Smart, RES Group	Attend
Liam Cullen, Ofgem	Regrets	Ian Thel, Department for Energy Security and Net Zero	Attend
Arjan Geveke, EIUG	Attend	Spencer Thompson, INA	Attend
Ben Godfrey, National Grid Electricity Distribution	Regrets	Musanhi Zivanayi, UKPN	Attend
Garth Graham, SSE Generation	Attend	Sarah Carter for Camille Gilsenan, ESO	Attend
Paul Hawker, Department for Energy Security and Net Zero	Attend	Dovydas Dyson, ESO	Attend
Claire Hynes, RWE	Attend	Robyn Jenkins, ESO	Attend
Jade Ison, National Grid Electricity Transmission	Attend	James Norman, ESO	Attend
Jasmine Killen, Scottish Government	Attend	Paul Mullen, ESO	Attend
Allan Love, SPT	Attend	Mike Oxenham, ESO	Attend
Holly Macdonald, Transmission Investment	Attend	Ruth Matthew, ESO	Attend
Alasdair MacMillan, Ofgem	Attend	Mike Robey, ESO (Technical Secretary to CPAG)	Attend
James Macauley, Ofgem	Attend	Louise Sun, Department for Energy Security and Net Zero	Attend
Eleanor Hoare, Welsh Government	Attend	Dominic McGinley, Department for Energy Security and Net Zero	Attend

Agenda

1.	Welcome and matters arising	Merlin Hyman
2.	Minutes and actions from meeting 2	Mike Robey
3.	Application window frequency and duration	Dovydas Dyson
4.	Queue position allocation	Paul Mullen
5.	Gate 2 milestone	Paul Mullen
6.	Capacity reallocation	Ruth Matthew
7.	Packages 3, 4 and 5 - Update	Mike Oxenham
8.	Next steps	James Norman
9.	Any Other Business	Merlin Hyman

Discussion and details

# Minutes from meeting, including online meeting group text chat during meeting, where referenced as “[From online chat]”

1. Welcome and Matters arising

- The Chair welcomed all members.

2. Minutes and actions from meeting 2

- Action 1.3.1 *ESO to share its analysis of the impact of CMP376 on the existing TEC queue* - ESO noted the lead time before the impact will be realised. Currently, affected queue members have until 27 May 2024 to respond to ESO's notice. ESO will provide an interim update at the end of quarter 1.
- Action 1.4.4 *ESO to look at how and when details of the outcome of the ongoing CPA / transmission works review can be shared* - ESO noted that TOs are due to provide updated TOCOs for all projects that can be accelerated as a result of the exercise by the end of August and ESO will then issue revised offers to customers.
- **Decision 3.2.1:** CPAG approved the meeting 2 minutes.
- **Action 3.2.1:** ESO to publish meeting 2 minutes.

3. Application window frequency and duration

- A member challenged whether the proposed approach might create an incentive for developers to connect at distribution level, utilising the Distribution Forecasted Transmission Capacity (DFTC) mechanism, rather than waiting for the next application window for directly connected and larger embedded applications.
  - ESO noted that whilst DNOs will forecast multi-year capacity requirements at grid supply point, they would only apply for capacity one year at a time through the DFTC mechanism.
  - The member queried what would happen where a developer's project exceeds the remaining available capacity within a DNO's DFTC.
  - ESO advised that the developer would need to wait until additional DFTC became available via DNO submission at the next connection application window. However, ESO noted, it may be possible in this instance to connect on a non-firm basis ahead of this.
  - ESO also advised that is looking into guidance for developers with the ENA on whether projects should apply to connect at transmission or distribution level.
- [From online chat: A member sought clarification of the scope of 'industry participants'. ESO confirmed the scope included generators, demand users and DNOs.]

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- [Form online chat: A member queried whether the proposed approach for embedded generators would mean more transparency to industry on project progressions? If so, this would help customers have more certainty on their investments particularly as many of their customers will be T&D customers. ESO noted that there may be a CAP action around providing this sort of transparency.]
  - A member challenged whether 6 months was really required for the network assessment activity, which seemed to be preventing any shortening of the 12-month reformed connections process.
    - ESO noted that the 6-months period includes several activities: Month 4 ESO Construction Planning Assumptions, Months 5-7 TO network design studies, Month 8 – TO / ESO review and agree recommendations, Month 9 seek sanction of outcomes.
    - ESO also highlighted its desire to avoid shortening the process before it had been tested and noted it wanted to learn from the experience within the Holistic Network Design and its Follow-Up Exercise, by not shortening the process too soon.
    - ESO noted that one of the Target Model Add Ons will seek to have the bulk of the contractual terms agreed upfront in the reformed process (as part of the initial application process) with just site-specific aspects to be finalised once the design was undertaken.
  - A member highlighted peaks and troughs of work during the process and queried how well aligned the process was to resource availability due to holidays, bank holidays and other commitments.
    - ESO recognised this concern and noted securities as another example of a resource pinch point at particular times of the year. They felt a 12-month process would be more conducive (versus one that starts and ends at differing times of the year) to managing recurring resource pinch points.
  - A member asked how future-proof the new approach was, in relation to FSO, a more centrally planned approach in the future and government priorities (for examples a hydrogen funding round in 2026).
    - ESO confirmed awareness of the Connection Action Plan's content on this and noted that it will continue to explore these wider interactions with Government and Ofgem.
    - [From online chat: A member noted that some government funding has a hard deadline beyond which it cannot be spent on projects. They felt that the 12-month frequency, 12-month duration process runs the risk of projects missing out on funding and therefore the project failing.]
  - A member sought clarification of the approach to larger embedded projects, and if these were outside of DFTC raised that this might be considered discrimination against them.
    - ESO noted this concern was flagged within the final recommendations and there may be a need to align definitions for larger embedded projects in England, Scotland and Wales. ESO is aware that some DFTC-eligible projects will also want a BEGA so there will need to be a process to allow for this.
  - ESO will take its recommendation on application window frequency and duration to the Connections Delivery Board in February to seek its steer.
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#### 4. Queue position allocation

- ESO intends to raise a code modification (amongst other things) proposing option 1b i.e. a variation of the original proposed approach to queue position allocation. CPAG members generally supported this.
  - A member urged ESO to ensure that the code modification defect for option 1b allows for alternatives such as option 2 to be raised in the code change process.
    - ESO confirmed that this was its intention. ESO will take its proposed approach on queue position allocation to the February Connections Delivery Board to seek its steer.
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#### 5. Gate 2

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- A member noted that evidence of Exclusive Land Rights (ELR) had been raised as a possible alternative to the Letter of Authority (LoA) under CMP427 for circumstances where an LoA cannot be provided.
  - A member expressed surprise at the change of positioning proposed for Gate 2 and suggested many projects will reach this milestone at point of application as part of the LoA requirement, which would make gate 2 pointless in their opinion. Looking at the paper, the member challenged the scoring of this against the criteria “best meets purpose of gate 2”.
    - A member noted that the intention of the reforms was that a much higher proportion of applicants would already meet this requirement.
    - Another member noted that an LoA was not exclusive, and therefore ELR at gate 2 does show progress. A different member noted that ESO is intending to pursue a future modification to address the risk of duplicate LoAs.
    - Another member agreed with the original concern that the gate 2 milestone looks too soon in the process.
  - A member raised that interconnectors will not have ELR and that this needs to be reflected within the reformed approach and the papers which support it. They stated that Crown Estate / Crown Estate Scotland are involved much later in the process for interconnection.
    - [From online chat: ESO suggested for these projects the gate 2 milestone could relate to land for the onshore convertor station. The member thought this sort of approach sounds sensible.]
  - A member felt that the queue management milestone M3 will help projects secure ELR as the project will be able to demonstrate a clear connection agreement to the landowner.
  - A member shared that the LoA provides a form of initial ‘option contract’ to pass gate 1 and then as they progress would move towards ELR, but planning submission is a much clearer demonstration of progress.
  - ESO thanked the members for their views and highlighted that ESO was concerned about investability for projects and managing the risk that the planning consent process did not prevent projects from taking advantage of any accelerated date / queue position allocated at Gate 2. ESO would like further engagement with industry to determine the extent to which having Gate 2 as ‘submit planning consents’ was appropriate, particularly under more restrictive planning application processes such as Development Consent Order in England and Wales. If the view from industry was that this is not a problem, then gate 2 could come later in the connection process (eg submit planning consents, QM milestone M1).
  - A member shared developer concerns about the planning process and its interaction with the connection process. This includes the connection point and the cable route for projects to reach the designated substation. This is problematic if this changes, so developers need certainty over the substation location as a minimum. They felt gate 2 at planning submission was a sensible approach. The member suggested more developer input on this issue might be needed.
    - ESO stated it did not want to block projects from accelerating and that it was aware that given the size of the current queue, current connection offers include a lot of ‘paper substations’ that are not yet built. ESO wants to be comfortable that accelerating connection at Gate 2 by moving from one of these ‘paper substations’ to an existing substation location would not be an issue.
    - [From online chat: A member questioned whether gate 2 could move in subsequent windows i.e. become more challenging to meet and maintain the function of gate 2.]
    - [From online chat: ESO acknowledged this idea and queried whether projects would still be investable at a later gate 2 and asked for industry views on that.]
    - [From online chat: a member highlighted the need to be careful if there is an extension of the period of uncertainty for the customer and hence investability. They questioned whether this better just managed through good management of Appendix J. They also noted that local planning is a manageable issue but NSIP is a much bigger concern and over £1m per project.]
  - ESO noted that the code process will allow stakeholder submission of alternatives for Gate 2.
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- **Action 3.5.1:** ESO agreed to look into holding a targeted workshop to gather more views on whether M1 (rather than M3) could work for a range of different project types and planning regime types.
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## 6. Capacity reallocation

- ESO presented details of an interim approach to capacity reallocation to be applied until the reformed process goes live.
  - A member sought clarification on the scope of 'ESO designated projects'; would this include existing and previous pathfinders, or just new pathfinders.
    - ESO clarified that this would only relate to new / future pathfinders.
    - The member supported this and emphasised that it would be important to clearly communicate this in advance.
  - A member expressed some concern about Government or ESO designated projects but recognised the overall trend towards central planning. They asked what other projects did ESO have in mind.
  - A member highlighted that Government priority projects should include Scottish and Welsh Governments. They noted the legally binding decarbonisation targets in Wales as central to prosperity. Another member stated that NESO will have responsibility to all GB governments in England, Scotland and Wales.
  - The Department of Energy Security and Net Zero noted that the government does have a triage service for major demand projects as part of the Office for Investment's work to provide a bespoke service to top tier investors to ensure they receive the strongest possible cross government support to realise their UK investments, but this does not include prioritisation or detriment to other customers.
    - [From online chat: A government representative agreed that energy intensive industrial decarbonisation plants (e.g., big steel plants or clusters) could be classified as a large strategic demand project. A gigafactory would be another example.
    - A member stated that the Welsh Government would expect a process that respects Welsh Ministers' devolved powers. In Wales, the government is working hard to develop credible local, regional and national plans where these requirements are embedded, which it expects the SSEP will draw upon, but this is a medium-term programme.
    - A government representative acknowledged it is likely to be difficult to embed priority projects within capacity reallocation before 2025, but that it could be an option for the medium term within the reformed connections process.
    - It is unclear what regulatory changes may be needed to facilitate this (if any) and define government designated strategic demand projects. Learnings could be drawn from e.g. Nationally Significant Infrastructure Projects or Energy Policy Statements to communicate what Gov sees as strategically important and what that would mean for those projects.
    - A member raised whether there is something akin to pathfinders for certain parts of the country, and network constrained nodes.]
  - ESO acknowledged that ESO designated projects and Government priority projects as criteria for capacity reallocation are unlikely to be brought in during 2024 due to the lead times these would need and therefore the main focus in 2024 (before introduction of Gate 2) would be the use of an Expression of Interest process.
  - A member raised what the impact would be for embedded projects.
    - ESO noted there would need to be a clear process for embedded projects.
  - A member queried the proposed EoI criteria and why there was a difference between different technology types.
    - ESO stated the logic was related to the impact on the system and the further away a project submitting an expression of interest is from the project vacating the queue, in terms of size, generation type and physical location, the greater the issues to be considered.
    - ESO also noted these considerations and said it was looking at these with the transmission owners and that the consideration of substation bays was also relevant.
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- [From online chat: A member queried whether this was just an interim policy for 2024, and if so, whether there is actually going to be any significant opportunity to re-allocate capacity in 2024.
    - [From online chat: ESO noted that the CPAs and transmission works review could lead to capacity reallocation as well as some ESO-triggered contract terminations. ESO also confirmed this interim approach would cease once the reformed process, with gate 2, goes live.]
  - [From online chat: A member acknowledged ESO's reference to enabling works, and that depending on the period between gate 1 and gate 2 it may not leave enough time for the TOs to mobilise and deliver, and equally customers need a level of engineering, if both aren't aligned then the inevitable happens and the connection gets further delayed.]
  - The Chair concluded the discussion highlighting that fairness and communication on an EoI would be key. They noted smaller developers may have less knowledge and it was important that these projects did not miss out on an EoI opportunity. The Chair noted that longer term approaches for Government and ESO designated projects needed careful consideration.

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## 7. Packages 3, 4 and 5 Update

- **Action 3.7.1** ESO will bring fuller details on packages 3, 4 and 5 to the next CPAG meeting, providing clear links to the Connections Action Plan.
- A member queried where the money would go if connection application fees increased.
- A member expressed concern about the possible use of auctions as it would focus on who had the most money, rather than effectively managing the queue.
- ESO noted that the Connections Action Plan requires consideration of a number of different approaches, some of which may not be palatable. These packages are not yet part of the agreed reforms that are being taken forward but are additional measures to be explored before any recommendations are made to CDB by end of March. ESO reflected that current measures, such as implementing the queue management requirements of CMP376 will take time, probably until 2025-26, to have an impact and therefore additional actions may be required.
- Ofgem and government agreed that given the scale of the connections challenge there was a need to be open to explore all options. Some may be unpalatable, there may be legal risks so due process does need to be followed to establish what additional actions are taken forward.
- A member queried how package 4.1a would work, noting that it refers to transferring capacity "without reference to the ESO".
- A member queried whether it would be possible increase in fees related to the fixed fee element and not the variable element, which relates to TO and ESO costs.
  - ESO noted that a move away from fees being cost reflective would probably require a code change and clarity on where the money was going.
- A member raised a concern that these measures might create a pause in the overall process of delivering change and delay reform go-live.
- [From online chat: A member stated that the TEC trading point made them nervous of ESO getting caught in the middle of developers with different drivers. The principle could work but may only work a small % of the time.]
- A member noted that some of the additional measures for increasing fees had been adopted in US markets and cautioned that these may not always have the right impact on tackling the issue. They further noted that the codes require cost reflectivity.
- The Chair encouraged CPAG members to begin discussing these themes with their networks to help inform the discussion at the next meeting.
- **Action 3.7.2** ESO to re-issue slides to address a typo on slide 36.

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## 8. Next steps

- The next CPAG meeting is scheduled for Thursday 22 February.

- ESO will bring Gate 2 back to a later CPAG meeting.
- ESO will take the application window frequency and duration and queue position allocation recommendations to the Connections Delivery Board (CDB) and also provide an update to CDB on Gate 2.
- A member expressed concern that the Package 6 moratorium proposal was dropped from this meeting’s agenda and expressed how important they thought it was.
  - ESO stated that the moratorium paper would come to CPAG and CDB in March.
- [From online chat: A member requested that an update on the DFTC approach is brought to CPAG.]

**Decisions and Actions**

**Decisions: Made at last meeting**

ID	Description	Owner	Date
3.2.1	Meeting 2 minutes to be published	Mike Robey	08/02/2024

**Action items: In progress and completed since last meeting**

ID	Description	Owner	Due	Status	Date
3.2.1	ESO to publish the minutes of meeting 2	Mike Robey	22/02/2024	Complete.	14/02/2024
3.5.1	ESO agreed to look into holding a targeted workshop on Gate 2 to gather more views	Paul Mullen	21/03/2024	Proposed for 28 Feb	
3.7.1	ESO will bring fuller details on packages 3, 4 and 5 to the next CPAG meeting, providing clear links to the Connections Action Plan	Mike Oxenham	22/02/2024	On agenda for 22 Feb	
3.7.2	ESO to re-issue slides to address a typo on slide 36	Mike Robey	08/02/2024	Complete	
2.3.1	ESO to scope code defects and bring them to a future CPAG meeting	Paul Mullen	07/03/2024	In development	
2.5.1	ESO to bring bay re-allocation and standardisation back to CPAG	Shade Popoola	22/02/2024	In development	
1.3.1	ESO to share its analysis of the impact of CMP376 on the existing TEC queue.	Kav Patel	08/02/2024		

**Decision Log - Decisions: Previously made.**

ID	Description	Owner	Date
2.1.1	Terms of Reference v2 approved for publication	Mike Robey	25/01/2024
2.2.1	Minutes of meeting 1 approved for publication	Mike Robey	25/01/2024

**Action Item Log** - Action items: Previously completed.

ID	Description	Owner	Due	Status	Date
2.2.1	ESO to publish Terms of Reference	Mike Robey	08/02/2024	Complete	08/02/2024
2.2.2	ESO to publish minutes of meeting 1	Mike Robey	08/02/2024	Complete	08/02/2024
2.4.1	ESO to bring update on queue position allocation to the 08 February CPAG meeting	Paul Mullen	08/02/2024	Complete	08/02/2024
1.2.1	ESO to circulate the updated Terms of Reference document	Mike Robey	25/01/2024	Complete	22/01/2024
1.4.1	ESO to look at how and when details of the outcome of the ongoing transmission works review can be shared	Robyn Jenkins	08/02/2024	Update shared	08/02/2024
1.4.2	Technical secretary to follow-up liaison and co-ordination with CDB	Mike Robey	25/01/2024	In place	24/01/2024
1.4.3	ESO to confirm how much detail of code mods will be taken to CPAG before going to code mod working groups.	Paul Mullen	25/01/2024	Discussed 25 January	25/01/2024