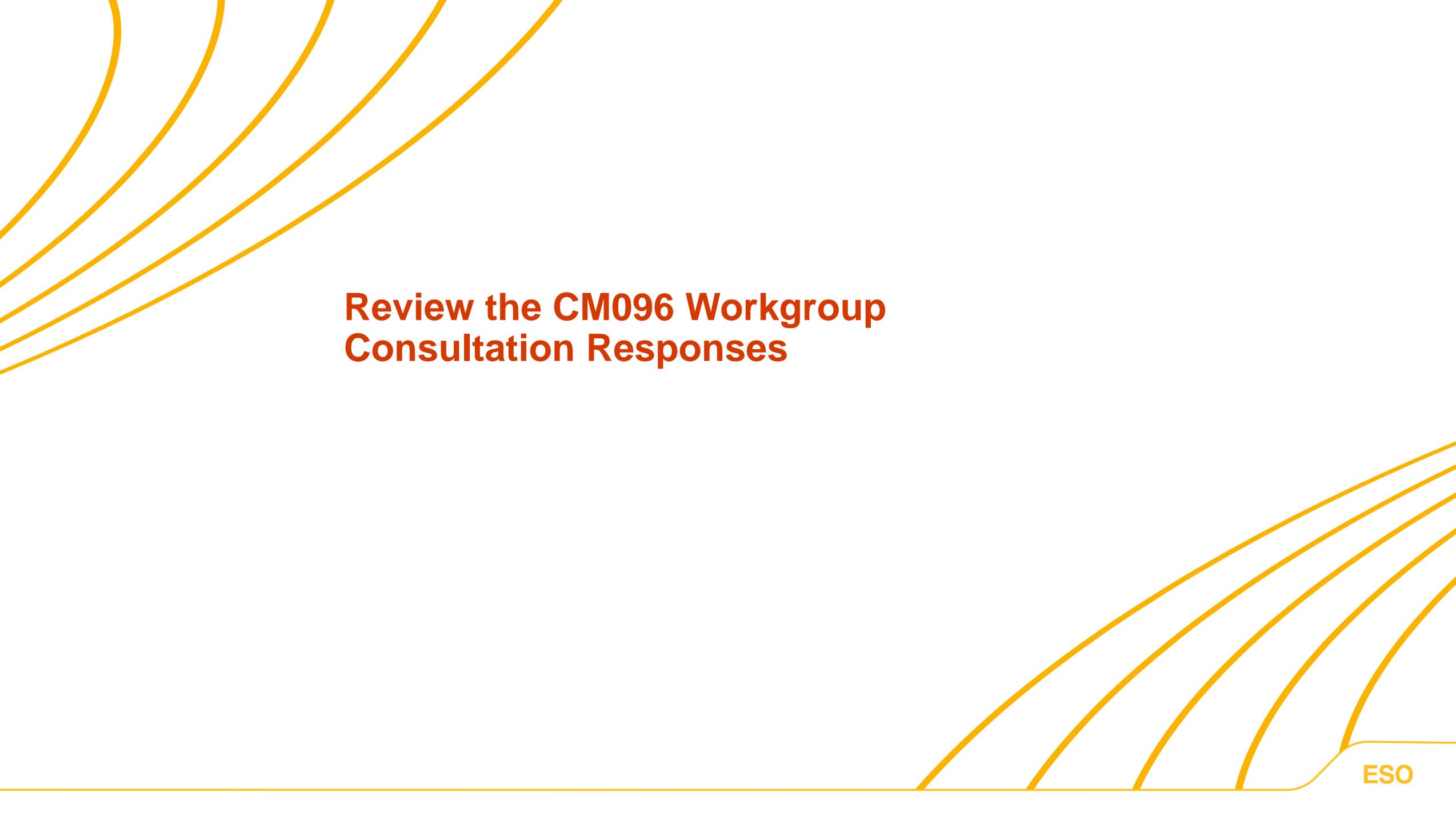


CM096 and CMP435 Workgroup Consultation Responses

Updated slides



Review the CM096 Workgroup Consultation Responses

CM096 Response Overview

Number of Responses/Alternatives	
Confidential Responses	1
Non-Confidential Responses	10
Alternative Requests	0

Industry Sector Representation*	
Consumer body	0
Demand	0
Distribution Network Operator	0
Generator	5
Industry body	1
Interconnector	1
Storage	1
Supplier	1
System Operator	1
Transmission Owner	3
Virtual Lead Party	0
Other	0

*Please note some responses represent a number of industry sectors and this tally does not include confidential respondents

CM096 Response Overview

Question	Number of Respondents			
	Objectives	Yes	No	N/A
Do you believe that the Original Proposal better facilitates the Applicable Objectives?	A	5		
	B	4		
	C	5		
	D	1		
	E	4		
	F	5		
	G	1		
				2*
Do you support the proposed implementation approach?	8	2		
Is the proposed CM096 solution sufficient to facilitate the entirety of the related CMP435 proposed solution or do you believe there are/might be any other provisions required?	4	3	3	
In relation to Q5, are there any changes to STCPs required for day 1 implementation (which are not already dealt with in the main STC legal text changes) needed to facilitate CMP435?	3	3	4	
In your consideration of the CM096 proposal, are there any potential risks for implementation which might also impact the CMP435 or CMP434/CM095 proposals?	4	3	3	

*Not possible to have a fully formed view on the Applicable Objective due to reservations about the proposal at time of consultation due to dependencies on CUSC modifications and Alternatives

CM096 Response Overview

Implementation Approach

Several respondents expressed concerns regarding the implementation approach, mainly around the following topics:

- The need to have each methodology developed, assessed and consulted upon in a very short period.
- Insufficient time for the industry to properly assist in the development of the methodologies.
- Timescales are extremely compressed in the context of the significant changes proposed.
- Unrealistic 'go live' date of 1 January 2025.
- Interdependencies between modifications create a risk for implementation.
- New processes introduced by CM096 could lead to difficulties in coordinating the implementation of CMP435 and CMP434/CM095.

- One respondent suggested that it is imperative that the Gate 2 criteria is revisited prior to the implementation.
- One respondent encourages the ESO to take a materially different approach to establishing its 'minimum viable product' approach to implementing TMO4+ via these modifications.
- One respondent highlighted the importance of ensuring that all proposed methodologies and guidance documents are in place before the changes are implemented.
- One respondent highlighted the need for STCPs to be developed prior to implementation as it cannot be allowed/accepted a known divergence between the main body of the code and STCPs as a convenience to implementation.
- One respondent suggested that STCPs 18-1 and 18-2 will need to be reviewed and updated as this is the provision for the ESO providing TOs with CPAs

CM096 Response Overview

Key concerns

- Dependencies on CUSC mods or alternatives.
- Inability to have a fully formed view or assess the full impacts due to lack of detail in the Proposal.
- Advantaging certain types of projects over others.
- Constant revision of transitional arrangements is creating uncertainty.
- Reliance on guidance over codification in CUSC proposals.
- Lack of legal text to help determine whether any changes to the STPCs are required for day 1.
- Lack of detail in the obligations between the ESO and TOs.
- How distribution projects can be actively involved in Connection Reform.
- Need for a different approach to technology-specific solutions in queue management.
- Proliferation of certain technologies in the connection queue at the expense of others.

CM096 Response Overview

Key concerns

- One respondent stated evidence is needed that sterilising available capacity for the exclusive access of some customers would not negatively impact facilitating effective competition in the generation and supply of electricity and facilitating such competition in distribution.
- One respondent questioned if land rights will be sufficient as a determining factor in managing the connection queue.
- One respondent suggested that consideration must be given to any obligations specific to the Gate 2 to Whole Queue process.
- One respondent questioned how TO Final Sums related changes will work and about the Capital Contributions solution for customers who have not met Gate 2 criteria.
- One respondent was supportive of the use of some financial commitments, e.g. Contracts for Difference (CfD) or Capacity Market (CM) contract, to show intention to connect but advised that it must not be used as a stand-in for securing land rights.
- One respondent mentioned that the Proposal merely re-frames baseline inefficiency of the transmission connections arrangements via a gated process and that there isn't a Proposal to manage an ever-increasing and unconstrained contracted background.
- One respondent highlights that the indicative process timeline needs testing, including walkthroughs for each of the possible customer journeys/scenarios.
- The respondent suggested that without building the necessary network infrastructure to physically connect customer projects, these proposals will not be effective in meeting energy policy aims.

CM096 Response Overview – Implementation Approach

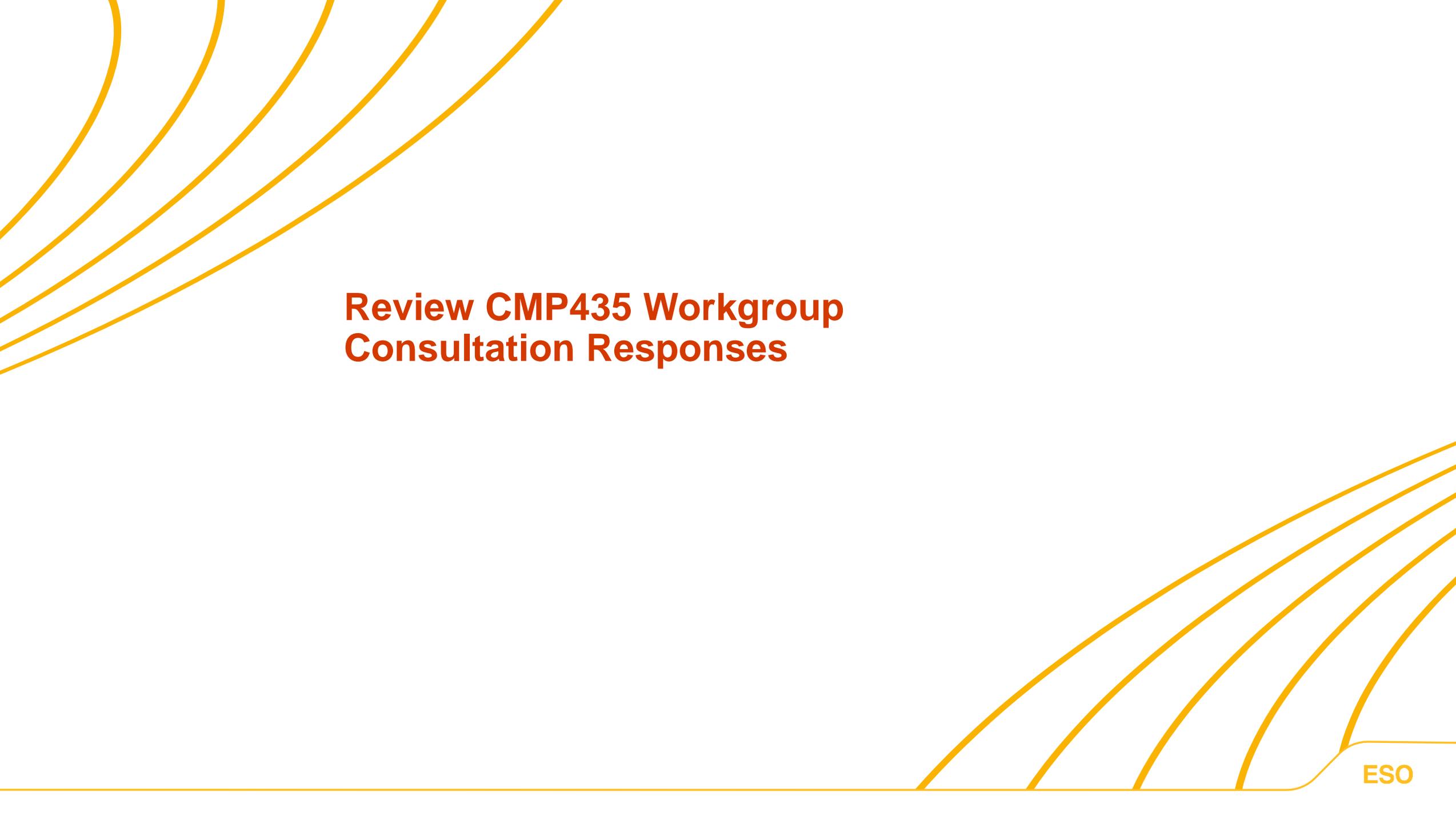
Key Risks

- Considerable risk due to not codifying methodologies.
- Timescales and 'go live date' are unrealistic.
- Proposals are insufficient to ensure the objectives of Connections Reform are met and risks leaving a large and growing connections queue.
- Interdependencies of modifications.
- Reliance on guidance over codifying.
- Concerns regarding legitimate securities and liabilities for projects not able to meet Gate 2 by 31 January 2025 – i.e. notable risks which could give rise to legal challenges.
- Failure to reach agreement with all TOs on the proposed approach.
- Detailed Methodology for the Connections Network Design Methodology (CNDM) is yet to be developed.
- Connection Point and Capacity reservation arrangements are yet to be developed in full.

CM096 Response Overview – Implementation Approach

Key Risks

- One respondent highlighted projects having outstanding interactive offers at the point of implementation of Gate 2 to Whole Queue – and asked how they would be handled if they would not have an existing signed contract or queue position.
- One respondent asked how distribution projects can self-declare that they meet Gate 2 criteria once the Connection Reform process launches (with possible disadvantages for distribution created).
- One respondent highlighted the need to take further measures to speed up connection times after the ‘go live date’ given the sheer scale of projects willing and able to meet the Gate 2 criteria.
- One respondent stated that connecting new projects also requires investor certainty and relying on guidance over codification dilutes this much needed confidence to invest in the UK’s low carbon energy sector at a time when other countries are also seeking to attract investment.
- One respondent highlighted the recent advice commissioned by the Secretary of State from the Electricity System Operator on the pathway towards the 2030 ambition, with expert analysis of the location and type of new investment and infrastructure needed to deliver it, and the potential to affect Connections Reform.



Review CMP435 Workgroup Consultation Responses

CMP435 Response Overview

Number of Responses/Alternatives	
Confidential Responses	7
Non-Confidential Responses	69
Alternative Requests	5

Industry Sector Representation*	
Consumer body	1
Demand	5
Distribution Network Operator	8
Generator	38
Industry body	3
Interconnector	4
Storage	12
Supplier	5
System Operator	1
Transmission Owner	2
Virtual Lead Party	11
Other	3

*Please note some responses represent a number of industry sectors and this tally does not include confidential respondents

CMP435 Response Overview

Questions		Response	
		Yes	No
Q1	Do you believe the Original better facilitates the objectives?	48	11
Q2	Do you support the implementation approach?	38	24
Q3	Do you have any other comments?	34	25
Q4	Do you wish to raise a Workgroup Consultation Alternative Request?	12	47
Do you agree with the elements of the proposed solution for CMP435?			
E1	Proposed Authority approved methodologies and ESO guidance	28	27
E3	Clarifying which projects go through the primary process	42	12
E5	Clarifying and Primary Process differences for customer groups	37	15
E8	Longstop Date for Gate 1	43	13
E9	Project Designation	31	26
E11	Criteria for demonstrating Gate 2 has been achieved and obligations imposed	32	28
E13	Gate 2 Criteria Evidence Assessment	35	19
E14	Gate 2 Offer and Project Site Location	32	22
E16	Introducing the proposed Connections Network Design Methodology (CNDM)	35	16
E19	Contractual changes	39	12
E20	Cut Over arrangements	38	8

Questions		Responses	
		Yes	No
Q6	Any elements you believe are not appropriate to implement TMO4+ for existing projects?	24	28
Q7	Are there any features you believe are missing in CMP435?	28	27
Q8	Any groups of projects you feel should be exempt from CMP435 (or elements of it)?	14	38
Q9	Do you feel the proposed solution could duly/unduly discriminate against particular types of projects?	31	24

CMP435 Response Overview

Question		Number of Respondents	
		Yes*	No*
Q1. Do you believe that the Original Proposal better facilitates the Applicable Objectives?	A	42	11
	B	39	12
	C	13	10
	D	33	12

- Where respondents clearly noted a 'yes' or 'no' response
- One respondent said there was the potential to better facilitate Objectives A, B & D (not counted in numbers above)
- One respondent expressed a neutral impact on Objective B & D (not counted in the numbers above)
- One respondent expressed a negative impact on Objective B (counted as 'no' in the numbers above)
- Seven respondents did not mark responses (no explanation given)
- Two respondents did not mark responses but explained that they felt they did not have the information to enable them to respond properly.

CMP435 Response Overview

Implementation Approach

- There was greater support expressed for the implementation approach than expressed against the approach (which in one case referenced consideration being needed of risks via vigorous assessment)
- Support was expressed for the ‘first ready, first connected’ approach
- Suggestions made for how that’s defined, e.g. using a developer’s first choice sub-station vs connection nodes/alternative sub-stations
- There was support expressed for the use of Queue Management milestones and whether compliance to those (if in a bilateral agreement) should allow exemption from CMP435.
- Significant numbers of respondents noted concerns with the timeline for implementation:
 - Needing to be more realistic
 - 01 January 2025 not allowing enough time for developers with existing connection agreements to meet Gate 2 criteria, requiring a mod app, urging ESO to not rush the solution and be forthright with communications
 - Suggesting the proposal is in rudimentary stages and not yet workable
 - Suggesting a longer implementation period (for example, a recommendation for 6 month transition period to allow developers to respond to the changes, and Interconnectors being assessed in Cap and Floor having additional 6 months to meet criteria
 - It was noted that deadlines may overwhelm land agents and legal communities
- Other suggestions were for:
 - Flexibility required in the implementation (as certain edge cases have not been fully considered by the current consultation)
 - Staggered implementation approach should be considered
 - Close observation of mods as they go live with clear, timely comms for issues/unforeseen defects needing refinement

CMP435 Response Overview

Key concerns & risks

- More detail was requested in several instances across the Elements.
- More clarity is needed on primary process and interactions with the BEGA/BELLA process to avoid IDNOs being exploited as a back door. There were several comments made referencing embedded generation, and the impact of the solution on small/medium embedded generators (and several concerns about the exclusion of embedded demand in the solution).
- ESO designation and concerns that, for example, powers may hinder true competition and ESO can decide the process without ‘proper’ consultation
- Multiple respondents expressed the need to see accompanying methodologies and relevant guidance as soon as possible, with regulatory framework/open governance to support them (including obligations for ESO to engage with industry prior to formal consultations. Concern was expressed that methodologies could create bias as they have different objectives and reduce competition. A respondent suggested network design methodologies should be codified versus relying on guidance.
- Multiple respondents supported more visibility of the work of the ENA SCG group to assess if re-ordering for distribution and transmission will be aligned, and others suggested codification of DNO behaviour/statutory obligations to ensure standardised behaviour and no unfair/disadvantaged treatment between distribution-connected and transmission-connected projects.
- A request was made to see Derogations regarding the transitional arrangements for Mod Apps.
- A suggestion was made for the full scope of Connections Reform being needed to be shared for parties to make fully informed decisions.
- Concerns were raised that the solution will not reduce the size of the queue in time to meet targets, with one respondent warning that ‘a queue within a queue’ could be created delaying implementation further.
- Some respondents were not clear how this will deliver Authority or Government policy including Clean Power Plan for 2030.
- Concerns were raised on how this proposal will better facilitate Applicable Objectives
- Several respondents noted a lack of evidence to support the proposal/impact assessment and one respondent noted interdependency risks with Licence conditions, other mods and risk of legal challenge.
- Some felt the proposal could lead to unintended consequences such as the termination or reduction of viable projects, smaller players not having access to experts and impacts on nuclear and gigafactories.

CMP435 Response Overview

- Examples of some other concerns raised are:
 - Unintended consequences from restricting original boundary submissions.
 - Concerns about short length of the consultation and impact on industry responses.

Competition & Discrimination:

- Examples of concerns raised for:
 - Due/undue discrimination against projects with milestone compliance already in bilateral connection agreements.
 - Discrimination against anyone applying between now and go-live.
 - Getting more renewable projects connected to reduce the queue being de-prioritised (but adjustments can be made to achieve that).
 - Projects near to securing a route to market which could otherwise Mod App.
 - Where projects have multiple landowners.
 - Onshore wind or projects with long environmental studies.
 - TMO4+ favouring less complex projects.
 - Unknown competition impacts from Project Designation and Capacity Reallocation with impacts unknown as being developed outside of CUSC (bay allocation needing to be fair).
 - Offshore and interconnectors getting an advantage in the proposed process.
 - Disadvantages to new applications from the Cut Over arrangements.
 - The potential to hinder competition if there's clear preferential treatment for some projects/developers without justification.
- Other views were expressed that there was no due/undue discrimination foreseen against any technology type and the first ready, first connected principle would facilitate effective competition

CMP435 Response Overview

In support of the CMP435 solution:

- Support was expressed by multiple respondents for the overall solution, for example to offer a structured process to be more efficient, but as one respondent noted, this was subject to availability and content of methodologies and guidance.
- A smaller number of respondents expressed support for parts of the solution only.
- A respondent did support project designation, but not if by the ESO/TOs.
- More than one respondent supported no exemptions from necessary land requirements.
- One respondent was particularly supportive of being able to remove non-progressing projects and advance the connection dates of viable projects with the connection queue.
- A respondent who supports the overall solution noted that it is key for Connections Reform to be able to deliver its full impact and help the UK achieve Net Zero targets.

Examples of other aspects raised/supported by respondents:

- A sufficient transitional period to allow equal treatment for those unaware with the Reform process and current in-flight projects.
- Interim milestones to reduce the queue while focussing on renewable energy targets.
- Supplying more data to reduce uncertainty and increase understanding of the process.
- Flexibility to account for the needs of different technology types.
- A wider timeline.

CMP435 Response Overview

Examples of comments received about specific elements

Element 1 – Proposed Authority approved methodologies and ESO guidance

- Details of methodologies have not been finalised or seen by industry yet (with details likely to impact project risk levels)
- Further consideration required to strike the right balance for codification with transparency and regular review required (some supported more detailed codification for regulation, others supported high level codification for flexibility)
- Concerns over ESO licence expanding to cover guidance and methodologies and risk of self-regulation without usual regulatory rigour/open governance/stakeholder engagement prior to external consultation

Element 3 – Clarifying which projects go through the Primary Process

- Positive sentiment as to the scope of who will go through the Primary Process, for fairness and transparency
- Concerns regarding the exclusion of embedded demand and fairness/discriminatory effects on small/med embedded generators
- One comment noted that key interface management requirements with DNOs have not been developed or tested adequately.
- A suggestion was made to change the wording to reflect only consideration of legitimate differences for the Primary Process.

Element 5 – Clarifying any Primary Process Differences for Customer Groups

- More Workgroup discussion needed so the effect of this on offshore users/interconnectors is better understood. There were differing views expressed supporting the provisions for Interconnectors/OHAs versus other views that Interconnectors/OHAs are advantaged by getting confirmed connection points and capacity at Gate 1. There was agreement and disagreement with the removal of an Offshore LoA requirement.
- One comment noted that without clarity on this element for developers to gather the necessary information, contract withdrawal could be a risk.
- causing them to be disadvantaged, whereas other views acknowledged the need for different approaches for different groups
- Multiple respondents noted the recent offshore leasing rounds and differences to those processes. Several references were made to the Crown Estate/Crown Estate Scotland's involvement in the proposed process e.g. their role and needing a mechanism to request provision for future leasing rounds.

CMP435 Response Overview

Element 8 - Longstop Date for Gate 1 Agreements

- Mix of support for the proposal for this element (e.g. to identify projects that cannot progress, having a forward-looking longstop date from the time an offer becomes a Gate 1 offer/is accepted) as well as counter points not supporting it for existing projects (e.g. retrospective application, needing a longer period for projects with compulsory purchase order involvement/challenges for land acquisition)
- Multiple respondents expressed concerns about the duration of the longstop not being effective for queue reduction.
- There was a mix of views expressed about the duration of the longstop – with some supporting the Proposal or supporting longer/shorter periods for varying reasons relating to different circumstances.
- Suggestions were made for regular reviews of projects affected, checks against network planning processes, and more than one respondent suggested use of the M1 date for compliance with Gate 2 criteria.
- Multiple respondents expressed support of the ESO's discretion for extension (with conditions applied – see responses 15, 16 for examples)
- A suggestion was made to investigate long term arrangements to avoid legal risk.

Element 9 – Project Designation

- Multiple respondents supported the principle of this but there was a need for more information and clarity on it (with concerns about the power afforded to the ESO by it and the need for assurances that it won't be detrimental for other projects' offers or be open to future abuse).
- Justification was sought for transparency and fairness as it was felt that the proposal is currently too broad/undefined.
- Multiple respondents supported codification of this element (or strict guidance was also suggested).
- Multiple respondents felt this sat outside of an MVP approach.
- A respondent noted that it would create discriminatory terms, suggesting legal advice be sought to check Electricity Regulation.

CMP435 Response Overview

Element 11 – Setting out the criteria for demonstrating Gate 2 has been achieved and setting out the obligations imposed once Gate 2 has been achieved

- Support was expressed for the concept of Gate 2 criteria, but some respondents questioned whether it would generate the required impacts.
- Opposing views were expressed that Gate 2 criteria are not strong enough and Gate 2 criteria are too laborious to meet the objective.
- Multiple respondents referenced a preference for exclusion clauses, and concerns about planning timescales being short, with some noting the impact for projects involved with Compulsory Purchase Orders (and time needed for those).
- A suggestion was made for a buffer period or waiver of obligations if a project is within 5yrs of connection (to avoid developing projects being disadvantaged).
- Multiple respondents noted the need for flexibility regarding the red line boundary.
- It was noted that there isn't detail yet to inform about the potential impact on the development of offshore wind.
- A respondent noted the risk of legal challenge.
- A couple of respondents referenced support of the use of a financial instrument.
- Multiple respondents referenced the use of the M1 milestone (as sufficient evidence for Gate 2 or agreement with it being calculated forward) but there were also multiple concerns raised that forward-looking milestones are not appropriate and could lead to further delays (suggesting alignment with connection dates).

CMP435 Response Overview

Element 13 – Gate 2 Criteria Evidence Assessment

- Generally, there was support for the proposed process (most supporting the inclusion of red line boundaries). Some respondents had concerns for whether self-certification was sufficient.
- There was support for the flexibility afforded by allowing advanced projects to request queue advancement (clear definition of this was stressed as required)
- There was support given to both spot check options and high percentage levels of evidence checks.
- Some respondents expressed their wish to see the template documentation for further insight on the assessment and others wanted to see details of the Gate 2 criteria methodology (some parties supporting codification of this).
- Concerns were expressed about duplication checks (in particular for co-located projects).

Element 14 – Gate 2 Offer and Project Site Location Change

- Some respondents expressed that this was a pragmatic/sensible approach and DNOs should follow suite (providing there are no conflicts with ENA Allowable Change guidance which would be disadvantageous to Distribution customers).
- Multiple respondents noted it as unnecessary/not MVP.
- Multiple respondents did not support this, not finding it to not be workable, introducing risk and contradicting the purpose of Gate 2. It was suggested that ESO publish queue data and Point Of Connection availability for likelihood of getting Gate 2 offer before securing land rights.
- There was a concern as to its fairness to hold a queue position for 12 months as others reaching that point of connection later may be ready to progress sooner.
- Multiple respondents felt the 12-month timeframe was challenging.
- It was expressed that choice of 'first choice' substation should be a provision for developers in the solution (with consideration that a re-location may be required at a later date)

CMP435 Response Overview

Element 16 - Introducing the proposed Connections Network Design Methodology (CNDM)

- Several respondents requested clarity required on this important part of the process.
- Multiple respondents supported codification of criteria and rules of the CNDM, some supported the methodology approach of the Original solution as a SO/TO licence obligation.
- Comments favoured the alignment required between transmission and distribution queue re-ordering.
- Several respondents expressed that that the CNDM should be transparent, fully consulted upon and approved by the Authority.

Element 19 – Contractual Changes

- There was some support for the sensible approach with a level of consistency and pragmatism.
- Suggestions were made that a transitional offer has no fee/no fee greater than a current application fee (a fee only for requesting advancement) as none were charged for the ESO 5-point plan/Expression of Interest process. A suggestion was for a fee to be charged after ESO has agreed advancement can be delivered for a requesting customer.
- Concerns were raised for how quickly contractual changes could be issued, by DNOs in particular and concerns how this would help reduce the queue for Gate 2
- Multiple respondents would support an Agreement to Vary for each offer. With one respondent noting that it would be unreasonable to expect developers / users to understand that the meaning of their contracts has been changed without receiving a varied contract (and suggested Outage Conditions (ConsAg App D) and Inter-trips (ConsAg App F) be assessed).
- Several respondents had timing concerns - for industry to understand the scope of the mod in timings suggested and for existing parties to work to said timings, which would create uncertainty on users and introduce legal risk.
- A respondent showed strong support for a hybrid agreement for staged offers.

CMP435 Response Overview

Element 19 – Contractual Changes (continued)

- A couple of comments referenced the return of securities needing to be handled promptly (one respondent citing legal risks here).
- Thought needed for embedded generators being converted to Gate 1 (including for those without a BEGA/BELLA liaising with the DNO) and how costs to these parties would be covered across the customer base.

Element 20 – Cut Over Arrangements

- Several respondents expressed support for the principle of this element .
- Suggested clear communication to industry to be fully aware of this element (including derogation outcomes).
- There was a concern was as to its fairness with risks seen for embedded projects.
- Concerns over limited detail available for which modifications/projects the element will apply to (project progressions, BEGA, BELLA), plus detail needed for securities and liabilities, invoicing and payment arrangements.
- Respondents wanted clarity on the timeline, with concerns about delays to the timeline by this element.
- A respondent asked about applicability to new iDNO/DNO points (disadvantaging those who would have to secure on Final Sums at this point without a concurrent generation application) and another referenced the uncertainty this introduces to the existing distribution queue.
- Case study examples were requested by a respondent for how final offers would affect different parties and the impact of meeting/missing key deadlines.