

Workgroup Consultation Response Proforma**CMP434: Implementing Connections Reform**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to usc.team@nationalgrideso.com by **5pm on 06 August 2024**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact usc.team@nationalgrideso.com

Respondent details	Please enter your details	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

(Please mark the relevant box)

☒ **Non-Confidential** (this will be shared with industry and the Panel for further consideration)

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Workgroup, Panel or the industry for further consideration)

For reference the Applicable CUSC (non-charging) Objectives are:

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
- Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
- Promoting efficiency in the implementation and administration of the CUSC arrangements.

*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions		
1	Do you believe that the Original Proposal better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <p>Original <input checked="" type="checkbox"/>A <input checked="" type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D</p> <p>Objective A – Positive: Will help to facilitate competition by ensuring that projects can only enter and remain in the queue if they make serious and sustained progress towards energisation.</p> <p>Objective B – Positive: Same comments as Objective A.</p> <p>Objective C – Neutral.</p> <p>Objective D – Neutral: We have left this as neutral because we are concerned about the ESO's proposal to put almost all of the key details regarding the Proposal into Methodologies that are not subject to the existing code governance procedures. We believe this could have a detrimental effect on the implementation of the CUSC arrangements.</p>
2	Do you support the proposed implementation approach? (see pages 59-61)	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>We support the implementation approach, including the proposed cut-over arrangements.</p> <p>Our main concern on implementation is what happens if the Methodologies are not approved in time for go-live. Given Ofgem requirements to consult on Licence changes, and the ESO's proposed consultation periods for the Methodologies, we are not clear that all of this can be completed before the go-live date.</p>
3	Do you have any other comments?	<p>We believe that this Modification has two main aspects:</p> <p><u>Aspect #1: Ensuring that projects can only enter and remain in the queue if they make serious and sustained progress towards energisation.</u></p> <p>Low Carbon strongly supports these measures as necessary to deliver a credible connections process. In particular, we strongly support:</p> <ol style="list-style-type: none"> 1. The intended Gate 2 Criteria (broadly equivalent to Queue Management Milestone M3);

2. The proposed changes to Queue Management Milestone M1, which would require developers to submit planning on an faster, front-loaded timeline;
3. The intention to introduce restrictions on changes to project location post-Gate 2 (“Red Line Boundary change restrictions”); and
4. The proposal to require developers, at each Queue Management Milestone, to have the necessary land rights and consents for the full capacity of every technology in their grid offer, or to have the capacities of those technologies reduced or removed.

We note the results of the ESO’s recent [Land Rights RFI](#), which demonstrates that the tougher Milestones envisaged in this proposal (including the Gate 2 Criteria) will see a substantial portion of the queue moved to Gate 1.

Aspect #2: Giving the ESO new powers to prioritise/curate the grid connections queue, for example by reallocating terminated capacity as part of the CNDM.

Low Carbon does not believe that the ESO has sufficiently made the case for why it needs these powers, or how these powers would be used in practice. In addition, the ESO has not presented analysis of the impact on the industry or CUSC objectives if it were to use these powers well or badly. As such, we believe these new powers should be removed from this proposal.

We believe that these new powers should be reintroduced in a new modification proposal, once the ESO has done more work on why these powers are needed and how they would be applied in practice. There is no reason why this new modification could not be brought forward early in 2025, provided that the ESO has done the necessary work.

On the use of Methodologies, we believe that these will contain almost all of the key details about how the modification would impact on the industry. **Low Carbon is concerned that the ESO’s proposed approach would bypass the existing governance regimes that provide protections for investors (i.e. the CUSC governance process or Ofgem-led impact assessments).** We believe that these protections are essential to ensure investor confidence, which is what allows developers to progress new projects rapidly.

We believe that investor confidence is created and maintained through a combination of:

1. Sufficient level of detail and clarity on how processes would work in practice; and
2. Confidence that those processes won’t be changed without a robust governance process.

We do not believe that ESO’s proposals meet either of these tests.

The ESO has presented few details of what it expects to include in the proposed Methodologies, particularly the Connections Network Design Methodology (CNDM):

- The ESO intends that the CNDM will include a new “capacity reallocation mechanism”, under which the ESO would implement a new process for reallocating capacity released when offers are terminated.
- This proposed capacity reallocation mechanism is arguably the single biggest impact of this proposal on the industry.
- **With uncertainty over capacity reallocation, there is a significant risk of an investment hiatus. Developers will be discouraged from progressing the development of their projects, as they won’t be able to understand the likelihood of their connections being accelerated if projects ahead of them in the connections background / queue are terminated.**
- For example:
 - o Consider a developer that holds a connection date of 2037.
 - o Without the capacity reallocation mechanism, that developer can take a view on the viability of projects ahead of them in the queue, combined with the proposed Gate 2 requirements, and can assess the likelihood of their project being accelerated to, say 2030 to 2033.
 - o This would make it much more likely that the developer could justify spending millions of pounds today on the development of their project – and therefore that the project will be able to contribute to the government’s 2030 Clean Power Mission.
 - o With the uncertain capacity reallocation mechanism, that developer cannot take a view on how likely their project is to be accelerated.
 - o **Under this proposal, the rational course of action for that developer is to invest zero further funds in the development of that project until they see how the proposed mechanism works in practice, i.e. Sep/Oct 2025 at the earliest when the new offers are due to be issued.**
 - o This is made even worse as developers must assess the additional risk that the capacity reallocation mechanism could be changed at short notice with no formal involvement of the industry in that change.
- This would be exactly the opposite of the ESO’s intention to speed up the deployment of viable projects, and would therefore defeat the purpose of Connections Reform, as well as harming the new government’s 2030 Clean Power Mission.
- **Given the time is now so tight before the go-live date, Low Carbon recommends that the ESO removes the capacity reallocation mechanism from the CNDM.**
- Without the new capacity reallocation mechanism, capacity would be reallocated to the next project that has met the Gate 2 requirements. This would still be a fundamental change to the current first-come, first-served approach, as developers would be required to demonstrate progression (i.e. Gate 2) as a prerequisite to holding a queue position.

There are good arguments to introduce a new capacity reallocation mechanism, for example:

- To speed up the connection of projects that are furthest progressed; and

	<p>- To align with the government's ambition to introduce Strategic Spatial Energy Planning (SSEP), once this is fully developed.</p> <p>Therefore, Low Carbon believes that any novel capacity reallocation mechanism should be introduced through a separate modification, once the ESO has a clear view of how this would work in practice, and once the ESO has undertaken analysis of its impact.</p>	
4	<p>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</p>	<p><input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input type="checkbox"/> No</p>
<p>We have submitted the following Alternative Requests:</p> <ol style="list-style-type: none"> 1. Codifying future restrictions on changes to project location ("Red Line Boundary") post Gate 2; and 2. Codify the capacity reallocation mechanism. <p>We are considering (but have not yet submitted) the following Alternative Requests:</p> <ol style="list-style-type: none"> 3. Remove Project Designation; 4. Restrict the proposed connection point and capacity reservation powers; and 5. Codifying the requirement that, at each Queue Management Milestone, developers must secure sufficient land and/or consents to build the full capacity of their project, or to have their connection capacity reduced. <p>We are supportive of (but we are not raising) the following possible Alternatives Requests listed in the Workgroup Collaboration Space:</p> <ol style="list-style-type: none"> 6. Allow parties to apply straight to Gate 2; 7. Allow parties to apply for a BEGA at Gate 2 (not a Gate 1 requirement); 8. Codify the Gate 2 Criteria; 9. Codify the principles for connection offers with multiple Stages; 10. Remove DFTC from the proposal; 11. Codify "Significant Changes" and "Material Technology Changes"; and 12. Remove the "Project Site Location Change" provision. 		

Specific Workgroup Consultation questions

5	<p>Do you agree with the elements of the proposed solution?</p> <p>Element 7 has been de-scoped and Element 10 is proposed to be codified within the STC through modification CM095.</p> <p>Please provide rationale for your answer and any suggestions for improvement to each element?</p>
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Element 1: Proposed Authority approved methodologies and ESO guidance (see pages 9-10, 55)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>Low Carbon does not support this approach for the following reasons:</p> <ul style="list-style-type: none"> - These documents will contain almost all of the key details that impact on the industry. Therefore, in our view, this proposal gives the ESO and Ofgem too much power to change the practical impact of this modification without the formal involvement of the industry (e.g. through the CUSC governance arrangements); - We believe that uncertainty over the contents of the Methodologies and their practical application could discourage developers from progressing their projects, for example as developers will no longer understand how likely their projects are to be accelerated if projects ahead in the queue are dropped out; - We believe that the proposed approach could delay the implementation of connections reform, as multiple consultations, licence changes and Ofgem approvals would be required to operationalise this proposal; - We are concerned that the proposed approach will raise the risk of legal challenge to any Ofgem approval; - We do not believe that the ESO has sufficiently made the case that the existing CUSC governance arrangements are not appropriate for these documents, and why a weaker form of governance is needed to increase flexibility; and - The ESO is seeking powers that would allow the implementation of some form of strategic energy planning. Although this is consistent with the government's desired direction of travel, the ESO has set out almost no details of how this would work in practice, and the ESO has provided no analysis as to why this is needed or how it would impact the industry. <p>Does the use of Methodologies increase the risk of successful legal challenge against any Ofgem approval?</p> <p>Because almost all of the details of this proposal are proposed to be housed in the Methodologies, it is arguable that Ofgem will not have sufficient detail to make a reasonable assessment of whether or not the proposal better facilitates the Applicable Code Objectives (ACOs).</p> <p>In our view, this heightens the risk of a party launching a successful Judicial Review against any Ofgem approval of CMP434 and/or CMP435. We therefore recommend that ESO sets out their view of the legal risks inherent in their proposed solution.</p> <p>Code Governance is not responsible for the ballooning grid queue.</p> <p>We are concerned that some in the industry blame the ballooning existing grid queue on the nature of the existing CUSC governance arrangements, and that some may consider this as an argument in favour of housing the proposed Methodologies outside of the Code Governance arrangements.</p>	

We believe this argument is incorrect, and that Ofgem's decision on CMP376 demonstrates this:

- In 2022 and 2023, through [CMP376](#), the ESO proposed changes to tackle the ballooning grid queue by introducing Queue Management Milestones.
- Through CMP376, industry raised Alternatives (WACM3 and WACM4) which would have made the proposed Queue Management Milestones more onerous, particularly in relation to securing land rights (M3) earlier in the development process.
- Ofgem's [Decision Letter on CMP376](#), published in November 2023, states that it would not approve the WACMs that contained these more onerous milestones. Relevant extracts from Ofgem's Decision Letter:
 - "...we consider that the proposals which calculate the Milestone 3 date forward from the date of contracting (WACM3, WACM4) do raise legitimate concerns regarding potential competitive disadvantage for certain types of project." (page 26).
 - The proposals could "make Milestone 3 difficult for some [projects] to meet...", "...even for projects which are viable, genuine and actively progressing" (page 26).
 - "...we consider that the method of calculating Milestone 3 proposed by WACM3/4 means these may disproportionately impact certain project types, placing barriers to their entrance to the market and therefore negatively impacting effective competition" (page 26).
 - "In the short to medium term the approach in WACM3 and WACM4 is likely to result in the termination of a larger number of existing projects [...], which would impose a greater initial administrative burden on NGESO." (page 33).
 - "...WACM3 and WACM4 fare marginally less well in respect of ACO (d) due to the likelihood of a higher initial administrative burden without correlative longer-term advantages." (page 33).

Under this proposal (CMP434), the ESO intends that developers would be required to meet the M3 Queue Management Milestone (as amended) to be eligible to receive a firm connection date and location – and that the M3 Milestone would be amended to make it more onerous (by removing the ability to meet M3 by using an exclusivity agreement).

If anything, this demonstrates the importance of the code governance arrangements because, in CMP376, an industry participant raised the tougher WACM that Ofgem could have chosen to approve.

In our view, the fact that the ESO proposed relatively weak Milestones, and that Ofgem approved one of the weaker WACMs, is a matter for ESO and Ofgem and not a reason to seek to introduce arrangements that would bypass code governance for the proposed Methodologies.

It is not clear how the ESO's proposed Methodologies interact with the new Code Governance legislation introduced in the Energy Act 2023, or Ofgem's ongoing consultation on the implementation of those reforms.

Ofgem is currently consulting on the implementation of the "...[energy industry code governance reforms set out in the Energy Act 2023](#)." On the consultation webpage, Ofgem states that *"These reforms will mean that the codes can be changed more quickly and respond to changes in the energy market. They will also help towards the UK government's ambition and achievement of net zero."*

This proposal states the Methodologies *"would provide a more appropriate balance of flexibility and governance when compared to the current codified CUSC Modification process. The Proposer considers that this is particularly important to ensure that the future connections process can adapt quickly and proportionately to future changes in the energy market or in major energy policy, to deliver better outcomes"*.

The implication of the ESO's statement in this proposal is that it does not believe that the Code Governance process can react quickly to future changes in the energy market or energy policy. We find it difficult to reconcile this with Ofgem's ongoing implementation of code reform, which has a stated aim to allow the codes to be changed more quickly and respond to changes in the energy market and government policy (with specific reference to net zero).

We note that this proposal does not reference Ofgem's ongoing consultation on implementing changes to code reform. We therefore do not believe that the ESO has sufficiently made the case that the current or future reformed code governance arrangements are inappropriate to house the contents of the proposed Methodologies.

Element 2: Introducing an annual application window and two formal gates, which are known as Gate 1 and Gate 2 (i.e. the Primary Process) (see pages 11, 35-36)

☒ Yes
☐ No

Low Carbon supports the introduction of Gate 1 and Gate 2 grid offers. We believe this is necessary to raise the bar for projects to be given a firm connection date and location (i.e. as part of the Gate 2 Offer).

We see limited value in the Gate 1 Offers as currently proposed because, under the current proposal, little-to-no modelling would be undertaken for Gate 1 Offers. We view Gate 1 Offers as analogous to the outcome of a pre-application ("pre-app") meeting between the developer, the ESO and the relevant TO.

However, once the grid queue is better managed, we believe it might be possible to develop the Gate 1 Offers into something that is more useful to developers, the ESO and the TOs.

Because the Gate 1 Offer is essentially only a pre-app, we see limited argument for why projects should be required to go through Gate 1 between going to Gate 2. We set out our position in more detail in response to Question 8.

Element 3: Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)

☒ Yes
☐ No

<p>We agree with the proposed scope of new applications that would go through the Primary Process.</p> <p>In future, we believe that Embedded Demand should be brought into the Primary Process, else there is likely to be a large queue of speculative Embedded Demand projects blocking the queue – e.g. EV charging hubs, data centres, etc. We don't know how much of a problem this is today, and we would recommend that ESO launches a consultation on this following the approval of this proposal.</p> <p>With respect to Modification Applications, we agree with the proposal to introduce a new category of "Significant Modification Applications" that would be only be studied at the next Gate 2 window. We believe that this is a proportionate approach, which would maximise the benefits of the batched Network Design Exercises (NDE) that the ESO is intending to introduce through this proposal.</p> <p>We have views on the implementation of Significant Modification Applications, as set out in our response to Element 4.</p>	
<p>Element 4: Significant Modification Applications concept, including the proposed criteria and the proposed level of codification (see pages 12-13, 36-39)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>We agree with the principle of Significant Modification Applications.</p> <p>On the proposed criteria, we are happy to accept these, so long as the principles are inserted into the Code. As an alternative/additional principle, we believe that the ESO should consider adding the following:</p> <ul style="list-style-type: none"> - "A Significant Modification Application is any Modification Application that the ESO reasonably believes would be more efficiently assessed as part of a batched modelling exercise, which would be conducted at the next Gate 2 Window". <p>We do not agree with the ESO's proposal to retain the right to decide whether a Significant Modification Application would be processed in the next Gate 2 Window, or whether it would have to go through the next Gate 1 Window. This is especially important as it is not clear whether a Significant Modification Application being processed at in the next Gate 1 Window would result in a loss of queue position.</p> <p>We believe that a Significant Modification Application should <u>always</u> be processed in the next Gate 2 Window, and <u>never</u> lead to loss of queue position.</p> <p>This would create a clear distinction between Significant Modification Applications and "Material Technology Change Modification Applications".</p> <p>We believe that Material Technology Change Modification Applications should <u>always</u> be processed in the next Gate 1 Window and should <u>always</u> lead to loss of queue position for any new/additional technology.</p> <p>We also have views on the introduction of "Material Technology Change Modification Applications", as set out in our response to Question 7.</p>	

In general, we believe the ESO needs to be much clearer on how Significant Modifications Applications and Material Technology Change Modification Application will be defined and processed, including in relation to queue position.

We note that this is one of the longest sections in the “Workgroup Considerations” section of this consultation, which suggests widespread confusion about these proposals within the Workgroup – that is certainly our experience from being in the Workgroup.

Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)

☒ Yes
(interconnectors)
☒ No (offshore wind)

Relevant Embedded Small and Medium Power Stations

These projects would not be required to go through the annual Gate 1 Window, and would therefore have three chances per year to go straight to Gate 2 rather than one.

We believe that this proposal will distort the market, and will encourage inefficient behaviour from developers in at least two ways:

1. Developers will favour distribution connections rather than transmission connections to achieve Gate 2 sooner; and
2. Developers will favour staying below the Large Power Station / mandatory BEGA threshold to achieve Gate 2 sooner. Unamended, this proposal would likely see developers prioritise connections of 99.9 MW (E&W), 29.9 MW (South Scotland) and 9.9 MW (North Scotland) – all 0.1 MW below the respective thresholds.

To resolve this distortion, we believe that the Gate 1 and Gate 2 process should be amended to allow all projects to apply straight to Gate 2, should they wish, as set out in our response to Question 8.

Offshore projects (offshore wind)

For both Gate 1 (LoAs) and Gate 2 Criteria, we believe that the proposed arrangements for offshore wind are no different to the arrangements for onshore generators, so we do not consider this to be a difference to the Primary Process. We believe it is confusing to state that the process for Offshore projects is a difference.

We note that the definition of Queue Management Milestone M3, introduced by CMP376, already sets out the evidence that offshore wind generators must provide to meet that Milestone, and that Offshore is not considered a difference in CMP376.

Interconnectors

Gate 1 Criteria:

- The ESO proposes that developers of interconnectors secure an LoA from the Crown Estate (CE) of Crown Estate Scotland (CES) stating their *“awareness of the project and there being a potential route to a seabed lease for it rather than specifying a defined cable route”* (page 14).
- This is a new test that the ESO proposes to introduce that is materially different to the LoA requirements for both offshore and onshore generators (which only have to provide LoAs for their generation site and not their cable route).
- There was little/no discussion of this proposal in the Workgroup, and it is not clear whether the CE/CES have agreed to provide these LoAs or what criteria they would apply.
- This would give CE/CES an effective veto over interconnector projects, even though it's not clear whether CE/CES has ever refused to grant a lease/licence to an interconnector project.
- We therefore believe that this needs further consideration before introducing a Gate 1 Criteria for interconnectors. In the absence of a credible test, we believe that there can be no Gate 1 Criteria for interconnectors. We believe this is reasonable because interconnectors do not have a “generation site”, which is the LoA test for all other generators.
- It is especially important that these proposals do not block interconnector projects from entering Gate 1, because it is only post Gate 1 that the interconnector is given a confirmed connection point, which is required before the developer can be reasonably expected to secure land for their converter station (the proposed Gate 2 Criteria).
- This is particularly relevant to CMP435, as many existing interconnectors may not be able to meet the Gate 2 requirement, or the new Gate 1 requirement depending on how this is defined.

Gate 2 Criteria:

- We support the ESO's intended Gate 2 Criteria for interconnectors (land rights secured for the onshore converter station).
- We believe this is reasonable in relation to the proposed temporary connection point reservation for interconnectors that pass Gate 1.

Offshore Hybrid Assets (OHAs)

It is not clear in the consultation what this term means – i.e. is it just a cable, or does it also encompass a wind farm that is connected to an interconnector? If OHA is intended to mean an offshore cable (similar to an interconnector), then we believe that this should be treated the same way as interconnectors.

Element 6: Setting out the process and criteria in relation to Application Windows and Gate 1, including introducing an offshore Letter of Authority equivalent as a Gate 1 application

☐ Yes
☒ No

window entry requirement for offshore projects (see pages 15-16, 39-40)	
<p>Letters of Authority:</p> <ul style="list-style-type: none"> - We support the ESO's proposal to extend the LoA requirement to offshore wind projects. - We do not support the ESO's proposed Gate 1 Criteria for interconnectors, as set out in our response to Element 6. <p>Application Windows:</p> <ul style="list-style-type: none"> - We do not support requiring projects to go through Gate 1 as a mandatory step, as set out in our response to Question 8. 	
Element 7: Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
No comments.	
Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We support the proposed Longstop Date for Gate 1 Agreements.</p> <p>For Gate 1 to be meaningful, it needs to contain projects that are actively progressing. A longstop date is a simple way to implement this test.</p>	
Element 9: Project Designation (see pages 17-18, 48-49)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>We do not support the introduction of the power for ESO to designate projects at this stage. However, we believe it could be useful in future and therefore should be brought back as a separate modification proposal.</p> <p>Low Carbon does not believe that the ESO has sufficiently made the case for why it needs these powers or how these powers would be used in practice.</p> <p>In addition, the ESO has not presented analysis of the impact on the industry or CUSC objectives if it were to use these powers well or badly. Pages 17 and 18 of this consultation explain the power and why the ESO believes it is important, but do not provide any analysis.</p> <p>As such, we believe these new powers should be removed from this proposal.</p> <p>In the interim, we believe that Ofgem can rely on the existing Ofgem derogation option to accelerate projects that the ESO believes are critical to security of supply or for network services projects. This option was raised by multiple Workgroup members and we do not recall the ESO raising concerns that the derogation route would be unworkable for this purpose.</p> <p>We believe that these new designation powers should be reintroduced in a new modification proposal, once the ESO has done more work on why these powers</p>	

<p>are needed and how they would be applied in practice. There is no reason why this new modification could not be brought forward early in 2025, provided that the ESO does the necessary work.</p> <p>If Project Designation is to be introduced, then we believe that the criteria should be codified (which is not the ESO's current proposal). In addition, we believe that the definition of the third criteria included in the consultation ("materially reduce system/network constraints") should be significantly tightened. The current wording could arguably apply to many generation and demand projects in the queue, creating material uncertainty for industry about which projects could be accelerated.</p>	
<p>Element 10: Connection Point and Capacity Reservation (proposed to not be codified within the CUSC, but is intended to be codified within the STC through modification CM095 – see pages 18-20 and the CM095 Workgroup Consultation, pages 6-10)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>We agree with the ESO that these powers could be useful in certain circumstances, especially in relation to interconnectors (which cannot be expected to secure the land rights for their convertor station until they have been given a confirmed connection point).</p> <p>However, we are concerned that these extended powers are drafted far too widely, and could have a material negative impact on competition and could delay the deployment of generation projects.</p> <p>For example, our understanding of the proposal is that these powers would, in effect, allow CE/CES to reserve an unlimited amount of capacity for up to 4 years by announcing their intention to run an offshore leasing round (one year to process and accept a Gate 1 offer and then a three-year longstop period).</p> <p>This proposal could therefore see an onshore wind farm being delayed by an offshore wind farm in the same region that only secured its land rights 3 years and 11 months after the onshore wind farm.</p> <p>We therefore believe that the proposed power, as drafted, is inconsistent with the stated aims of Connections Reform.</p> <p>If this power is to be included, then we believe that the CUSC Legal Text should make reference to it, in addition to the STC Legal Text, not least to clarify the arrangements for interconnectors.</p>	
<p>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 (see pages 20-24, 42-46)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Setting the Gate 2 Criteria as M3 (as amended):</p> <ul style="list-style-type: none"> - We support the ESO's intention to set the Gate 2 Criteria as an amended version of M3. - We believe that M3 (secure land rights) is the correct test, rather than submitting or obtaining planning permission, as it is often impractical for a 	

developer to submit or secure planning permission without knowing where their Connection Site is (e.g. due to not knowing the cable route and not being able to assess the financial viability of the project).

- We note the results of the ESO's recent [Land Rights RFI](#), which demonstrates that the tougher Milestones envisaged in this proposal (including the Gate 2 Criteria) will see a substantial portion of the queue moved to Gate 1. To us, this suggests that the intended Gate 2 Criteria is sufficiently onerous.
- We note that other proposed changes will make the Gate 2 Criteria more onerous, including making M1 front-loaded and proposed new restrictions on changes to project location ("Red Line Boundary" or RLB) post Gate 2. We support both of these measures.

Gate 2 Criteria for interconnectors:

- We agree that the Gate 2 Criteria for interconnectors should relate to the onshore convertor station (we don't think there's any other option, as interconnectors do not have a generation/demand site like Generators/Demand).

Amending Queue Management Milestone M3 to remove the ability to meet this using an exclusivity agreement:

- Low Carbon strongly supports the removal of exclusivity agreements to meet M3. We do not believe that an exclusivity agreement is sufficient evidence that a project is ready to progress.
- We believe that the change to M3 should be codified, and we are not clear whether or not this is the current proposal. If this change is not codified, it will be confusing for industry that M3 and Gate 2 are almost the same, but not quite.

Minimum option period / lease period for land options:

- We support the proposed minimum of 3 years for options and 20 years for leases to ensure that developers cannot game the Gate 2 Criteria (for example by signing a one-month option agreement).
- We believe that this provision should be implemented as a codified amendment to M3.
- We believe that the minimum option and lease periods should include any option/lease extension periods, provided these are exercisable at the sole discretion of the tenant.
- We also believe that the ESO will need to interrogate the termination provisions in options and leases, to ensure that the landlord has no unilateral termination provision (except in the event of default by the tenant), as this would mean that the land rights are not "secured".

Amending Queue Management Milestone M1 to make this front-loaded:

- We agree with this proposed change as it will prevent projects with later connection dates from being able to sit on grid capacity without progressing their projects (as is possible with the current rules introduced by CMP376).
- We understand concerns that developers have about submitting planning applications earlier than they would like in the development process.
- However, given the urgent need to rationalise the ballooning grid queue, we believe it is reasonable to require developers to submit planning swiftly. If not, we believe developers should exit the queue (into Gate 1) and come back to Gate 2 later once they are ready.
- This will ensure that only projects that are progressing are able to hold confirmed grid capacity.
- We believe that timescales proposed by the ESO are potentially unrealistic, especially in cases where the Connection Site is not known until Gate 2 (i.e. the Connection Site changes between Gate 1 and Gate 2).
- We therefore support the M1 timescale set out in the column “typical timescales based on views of some workgroup members”. We note that Low Carbon’s suggested dates did assume that some planning work is undertaken in parallel with securing the land.
- We support the codification of this change to M1.

Making the M2 Milestone forward calculated (in addition to M1):

- We believe that the proposal should include making Milestone M2 (planning consent granted) forward looking.
- The proposer needs to decide how they wish to treat projects that have submitted planning (M1) but then have been rejected and have exhausted all appeal options.
- If all planning appeals are exhausted, does the ESO wish that:
 - (i) The project is terminated;
 - (ii) The project is given time to resubmit planning in a timely manner; or
 - (iii) The project is able to sit in the queue until the existing, backward-calculated M2 Milestone Date, which could be ~10 years following the M1 Milestone.
- Our understanding is that option (iii) is a possible outcome of the current proposal.
- We do not believe that option (iii) is credible because it risks leaving zombie projects in the queue for many years.
- We believe that options (i) and (ii) are both credible.
- Option (i) could be operationalised by making M2 forward-calculated (e.g. two years post-M1); we recommend this approach.

- Option (ii) could be operationalised by introducing a requirement to resubmit planning within [X] months of exhausting all appeals as an ongoing compliance obligation for the M1 Milestone.

Land (ongoing compliance) (“Red Line Boundary” or RLB):

- We support the proposed new restrictions on changes to project RLB post Gate 2.
- DNOs have applied this restriction to their customers for years. This restriction means that, if a developer wants to develop a completely new site, then they will have to join the back the queue, which we believe is fair and efficient.
- We believe that this proposed restriction is very powerful and will see projects dropping out the queue quicker in the event that developers realise that their project site is not developable (as the developer will no longer be able to seek a new site without seeking a new grid offer, and will not be able to sell the grid offer to another developer that is developing a completely different site).

Land (ongoing compliance) (minimum acreage requirement using the Energy Land Table introduced by CMP427):

- We support the introduction of minimum acreage requirements at Gate 2. This will ensure that developers have sufficient land in their agreements to develop their projects.
- We believe that these minimum acreage requirements should also apply to the planning application submitted at M1 and the planning consent granted at M2; i.e. if a developer holds a grid offer for 500 MW, but only submits planning for 200 MW, then the grid capacity should be reduced by 300 MW. This was discussed at the Workgroup, although we are not clear on whether this is part of the proposal.

No exemption from Gate 2 for developers who will seek to obtain land for their generation site via compulsory purchase powers:

- We believe that this proposal could cause difficulties for some technologies that typically acquire land for their generation site using compulsory purchase powers, especially nuclear. Unaddressed, this could lead to undue barriers to entry for nuclear projects in particular.
- We believe that this risk can be mitigated via an exemption route. We believe that this exemption route should have a high bar – an exemption letter secured from the Secretary of State.
- We do not believe that the proposed Project Designation exemption route will be suitable, as this would need to be applied based on objective criteria set out in the Project Designation Methodology.
- We believe that the exemption route will likely need to apply a wider policy lens, for example to prioritise strategic projects like nuclear power and gigafactories. In our view, these decisions are inherently based on policy and/or political considerations, rather than regulatory and/or technocratic.

Hence we recommend that the exemption route is political rather than via the ESO.	
Element 12: Setting out the general arrangements in relation to Gate 2 (see pages 25-26, 47)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We agree with the general arrangements in relation to Gate 2.</p> <p>As set out in response to Element 5, we believe that all projects should be allowed to apply directly to Gate 2.</p> <p>We believe that the Gate 1 and Gate 2 windows should be combined, and that Windows should start at 6-monthly intervals (Window length remains 12 months).</p> <p>This would mean that all offers from a given Window (N) would have to have been accepted/rejected before the modelling is completed in the next Window (N+1) – which would mean less subsequent remodelling of offers.</p> <p>Like other Workgroup members, we have concerns that DNOs often fail to submit project progressions within a timely manner, which under this proposal would delay customers from achieving Gate 2 and therefore lead to a worse position in the transmission queue.</p> <p>However, this issue exists today and would exist under this proposal. Therefore, this is an issue that we believe Ofgem should discuss with the DNOs to ensure timely submissions of project progressions / Gate 2 submissions.</p> <p>Tiebreak criteria for Gate 2 applications submitted in the same window</p> <p>Today, our understanding is that queue position is allocated based on the clock start date of an application – which occurs once technical competency has been declared by the TO/ESO and the application fee has been paid. It would be unlikely for multiple applications in the same region to clock start on the same day, so there is limited need for a tiebreak criteria.</p> <p>Under this proposal, many Gate 2 applications will be received within the same application window. The ESO will therefore need to introduce a new tiebreak criteria. It is not clear how the ESO intends that this would work, although we understand that this is intended to be included in the CNDM.</p> <p>Some ideas that the ESO has presented include prioritising projects that achieved the Gate 2 criteria earliest (i.e. which project secured it's land first), and hence the Gate 2 Self-Declaration letters will ask developers to submit the date that they achieved the Gate 2 criteria.</p> <p>We think this tiebreak criteria has the merit of being simple, although the ESO needs to present more details about how this would works in practice, including:</p> <ul style="list-style-type: none"> - For hybrid sites, is this the land for one technology, or all? - For sites with multiple landowners, is this one landowner, 100% of the land to be included in the Original Red Line Boundary, sufficient land in line with the Energy Land Density Table, or another test? - We are also conscious that this test could benefit organisations that have owned land for hundreds of years, as they could apply in their own name and then novate the grid offer to a developer after signing the Gate 2 Offer. 	

We are therefore nervous about the idea that the date of achieving the Gate 2 Criteria could be used to determine which projects would be accelerated, as it is not clear that this is a credible test.

The tiebreak criteria could also be used to prioritise projects that are most developed, e.g. projects that has secured consent (M2) could be prioritised over projects that have submitted consent (M1), which could be prioritised over projects that have only secured land (M3). However, the ESO would need to present analysis of the potential impact and potential unintended consequences of such a methodology.

In any case, we believe that the tiebreak criteria should be codified, to provide certainty to Users.

Element 13: Gate 2 Criteria Evidence Assessment
(see pages 26-27, 47-48)

☐ Yes
☒ No

Gate 2 Evidence checking for CMP434:

Following the implementation of CMP376, the ESO is required to check 100% of the documentation submitted to meet the Queue Management Milestones.

The intended Gate 2 Criteria is an amended version of Queue Management Milestone M3. Therefore, for new applications we do not believe that checking 100% of documents will create any more work than the ESO is currently required to undertake following the approval of CMP376. We therefore believe that the ESO should continue to check 100% of the documents.

Workgroup members rightly raised that evidence checking should be consistent across transmission and distribution, so as not to confer undue benefit to projects connecting to transmission (where the evidence checks are proposed to be less than 100%). DNOs currently check 100% of the documents submitted to them, and we see no reason to lower the proportion of documents checked by DNOs.

Gate 2 Evidence checking for CMP435:

We believe that CMP435 could present a particularly large administrative burden for the ESO for the one-off Gate 2 to Whole Queue process to be undertaken in 2025. As such, we believe it could be reasonable to check only a sample of the underlying documents for CMP435 only – as set out in our response to that consultation.

DNOs/IDNOs checking documents for distribution projects:

We agree with this approach.

Red Line Boundary (RLB) evidence checking:

We believe that the ESO must check 100% of the RLBs submitted to them. By only checking a sample of the RLBs, the ESO could miss a disproportionate number of duplicate entries.

During the Workgroup, we stated our belief that it would be easy to conduct duplication checks on RLBs using either freely-available or paid-for GIS software. All that would be needed is for projects to submit their RLBs in a digital format via the ESO connections portal.

<p>We are disappointed that the ESO has not yet provided the Workgroup or industry with analysis of whether this can be incorporated into the ESO connections portal.</p> <p>Self-declaration letter should include the intended planning regime</p> <p>Under this proposal, the M1 Milestone will differ based on the planning regime that the developer intends to be subject to. Therefore, the self-declaration letter submitted alongside the Gate 2 Evidence should include a question on the planning regime that the developers intends to be subject to.</p> <p>The ESO will need to consider how to handle a situation where a developer changes the intended planning regime, especially in cases where the change in planning regime would bring forward the M1 Milestone date (e.g. switching from Development Consent Order (DCO) to Town and Country Planning Act (TCPA)).</p>	
<p>Element 14: Gate 2 Offer and Project Site Location Change (see pages 28, 46)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Like many other Workgroup members, we do not believe that this proposal is necessary – we also do not understand why the ESO is proposing this, and why the ESO has retained this given the almost universally-negative feedback from the Workgroup, which contains many project developers.</p> <p>We believe that the ESO's current proposal will provide ample opportunities for gaming – including developers actively seeking these offers, which would not be subject to the Red Line Boundary change restrictions. These offers could then be auctioned to the highest bidder over the next 12 month period post acceptance.</p> <p>We believe that this Element would frequently delay viable projects which are stuck behind projects that are availing themselves of this location change provision.</p> <p>The remedy for this perceived issue is for the ESO and TOs to provide better information to developers at the pre-application stage, which is the current direction of travel, including through NGET's ConnectNow portal.</p> <p>We also note that this option is not available to distribution projects under the current proposal.</p>	
<p>Element 15: Changing the offer and acceptance timescales to align with the Primary Process timescales (e.g. a move away from three months for making licenced offers) (see pages 29, 42-46)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>No comments.</p>	
<p>Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (see pages 29, 53-55)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>We believe that there is value in the ESO and the TOs setting out more details about how they will conduct the new batched Network Design Exercises that will be introduced under this proposal.</p> <p>However, we are concerned by the proposal to include the “capacity reallocation mechanism” within the CNDM. The intended changes to capacity reallocation are a seismic change for the industry.</p>	

We have three concerns with housing the capacity reallocation mechanism in the CNDM:

1. The capacity reallocation mechanism could materially increase or decrease overall GB energy costs, depending on whether this is done well or badly. The ESO has presented no analysis of how capacity reallocation is intended to be done, or the impact of whether this is done well or badly.
2. The capacity reallocation mechanism could result in tens or hundreds of millions of pounds of economic value being reallocated between developers, depending on which projects are accelerated. This process therefore needs to be clearly defined and based on objective criteria, and subject to strong governance arrangements – we do not believe that the proposed governance for the CNDM is strong enough to house this mechanism.
3. The ESO has not provided sufficient level of detail and clarity on how the capacity reallocation mechanism will work in practice. This will create material uncertainty for developers over the likelihood of their projects being accelerated. There is therefore a material risk that this will cause an investment hiatus until developers see how the mechanism works in practice, which will be September/October 2025 at the earliest. This could put at risk some of the new government's energy targets. There is also additional risk of damaging investor confidence if there is not a robust governance process for future changes to the Methodologies (e.g. Code Governance).

We see value in a new capacity reallocation mechanism that, but we believe that the ESO needs to undertake more analysis before introducing this through a subsequent modification proposal.

Element 17: Introducing the concept of a Distribution Forecasted Transmission Capacity (DFTC) submission process for Distribution Network Operators (DNOs) and transmission connected Independent Distribution Network Operators (iDNOs) to forecast capacity on an anticipatory basis for Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations aligned to the Gate 1 Application Window
(see pages 30-33, 51-53)

☐ Yes
☒ No

We see value in DNOs, TOs and ESO discussing and analysing the likely connection dates and methods for additional distribution-connected generators. However, we believe that DFTC is overly complicated for this purpose.

From a developer's perspective, we would instead be happy with the DNOs publishing, for each Grid Supply Point (GSP):

- The outcomes of the most recent Statement of Works / project progression submissions (cost, timing, scope of works).
- The capacity connected and contracted at each GSP.
- The interim or enduring levels of curtailment that could be expected for DNO-connecting customers.

	<ul style="list-style-type: none"> - An analysis of the Attributable and Wider Works that may be required to facilitate future connections. <p>Much of this work is already underway, including through UKPN's Network Operational Data Dashboard, and NGED's Clear View Connect.</p> <p>Given how complicated this modification is, we believe that removing DFTC would be a pragmatic step to help get this modification implemented on the desired timeline.</p> <p>We note that the ESO's stated intention (page 32) is to codify DFTC (or a successor) via a modification to the Grid Code. We believe is a better proposal, especially if DFTC can be incorporated into the existing "Week 24" process for forecasting embedded demand.</p>	
	Element 18: Set out the process for how DNOs and transmission connected iDNOs notify the ESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2 criteria (see pages 33-34, 51-53)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Agree with the proposed approach.	
6	Are there any elements of the proposal which you believe should not be included as part of this proposed solution, which the Proposer believes represents the 'Minimum Viable Product' reforms required to the connections process? If not, why not? (Please note the element number in each of your responses if applicable)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>We believe that this proposal is far in excess of what is needed for MVP reform.</p> <ul style="list-style-type: none"> - We believe that the MVP reform should focus on ensuring that, to stay in the queue, projects should be required to make serious and sustained progress towards energisation. - We believe that the Elements that would allow the ESO to prioritise/curate the queue are too little developed to be included within these MVP reforms at this stage. <p>We believe that the following Elements should be removed from this proposal:</p> <ul style="list-style-type: none"> - Element 5: Gate 1 Criteria for interconnectors. <ul style="list-style-type: none"> o Per our response to Question 5, we don't believe that the proposed test is credible for interconnectors, and could lead to unintended consequences. - Element 9: Project Designation: <ul style="list-style-type: none"> o Per our response to Question 5, we believe it is premature to introduce this power without presenting analysis of how it would be used or what its impact would be. o For projects that are critical to security of supply, we believe that ESO can rely on the existing Ofgem derogation route. - Element 14: Gate 2 Offer and Project Site Location 	

	<ul style="list-style-type: none"> ○ Per our response to Question 5, we do not believe this Element is necessary, we believe it will lead to gaming, and we believe it will delay viable projects from progressing. - Element 16: CNDM: <ul style="list-style-type: none"> ○ Per our response to Question 5, we do not believe that this Methodology is necessary to operationalise Connections Reform (TOs and ESO can make offers today without a codified methodology). ○ We strongly believe that the new capacity reallocation mechanism proposed to be housed in the CNDM is not required for MVP reform. - Element 17: <ul style="list-style-type: none"> ○ Per our response to Question 5, we do not believe that DFTC is necessary, and we believe that the ESO has already identified a better long-term solution to codify this element via a modification to the Week 24 process in the Grid Code. 	
7	<p>As per question 6, are there any additional features which you believe should be included as part of Minimum Viable Product reform to the connections process?</p> <p>Material Technology Change Policy guidance:</p> <ul style="list-style-type: none"> - We believe that this proposal should include the codification of the ESO's proposed "Material Technology Change Policy" guidance, which is not currently part of this proposal. - This proposed guidance is crucial to ensuring the ordering management of the grid queue. It is also crucial that there are objective criteria applied that developers understand. - We therefore believe that the Material Technology Change Policy should be codified alongside the new Significant Change criteria, as these are important and interrelated provisions. <p>Ability for the Secretary of State to designate projects:</p> <ul style="list-style-type: none"> - Per our response to Question 5 (Element 11), we believe that these proposals could cause particular difficulty for projects that are seeking to acquire land via compulsory purchase powers, which are typically awarded post planning consent. - We do not believe that the proposed Project Designation cannot overcome this issue, which is inherently political rather than technocratic. - As such, we believe that the proposal should include the ability for the Secretary of State to grant projects time-limited exemptions to the requirement to meet the various Milestones. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
8	<p>Do you agree that the Gate 1 process should be a mandatory process step, or do you think Gate 1 should be an optional process step with projects being able to apply straight into the Gate 2 process if the project meets both the relevant Gate 2 and Gate 1 criteria?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

	<p>Per our response to Question 5 (Element 5), we believe that Gate 1 should be an <u>optional</u> step, and that projects should be allowed to proceed directly to Gate 2 if they are ready.</p> <p>This approach would prevent the distorted incentive to encourage developers to seek distribution connections, and connections below the mandatory BEGA threshold, also per our response to Question 5 (Element 5).</p>	
9	<p>Do you believe that the proposed Gate 1 and Gate 2 process could duly or unduly discriminate against any types of projects? If so, do you believe this is justified?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>Per our response to Question 5 (Element 5), we believe that the Gate 1 and Gate 2 process unduly favour distribution-connected projects that are below the mandatory BEGA threshold:</p> <ul style="list-style-type: none"> - These projects would have 3 chances per year to meet Gate 2 (without going through Gate 1); - Whereas new transmission-connecting projects would only have one opportunity per year (going through the combined Gate 1 and Gate 2 annual window). - Per our response to Question 8, we believe that this discrimination can be removed by making Gate 1 an optional step. <p>We also believe that the proposed Methodologies could unduly discriminate against certain technologies. However, without seeing the content of these Methodologies, it is not possible for the industry to evaluate this risk.</p>	
10	<p>Please provide your views on the proposed options ((a) to (e) on page 45) to mitigate the risk of requiring a developer to submit their application for planning consent earlier than they would in their development cycle (with the risk this consent could expire and any extension from the Planning Authority is not automatic).</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>In general, we believe it is desirable to require developers to submit planning on an accelerated basis as a price to holding confirmed grid connection capacity.</p> <p>However, we do acknowledge the risk that, in some circumstances, planning permissions could expire before a developer is in a position to build their project (even taking into account the grid connection date acceleration that will hopefully result from this proposal).</p> <p>On the specific proposals on page 45:</p> <ul style="list-style-type: none"> a) We do not agree with this feature as this would significantly weaken the proposed reforms – this proposal is akin to the existing rules introduced under CMP376. b) It is not clear what this means in practice. However, from our understanding, we do not believe that this is a credible test. Why would a developer spend 10% of their construction cost on a project in lieu of submitting a planning application, or at the point when a permission is expiring? 	

	<p>c) We agree that this is a necessary feature to incorporate in the proposal. However, we don't believe that this is feature would address the problem of expiry of permissions. Instead, we believe that this feature should be codified as an additional exemption to the M1 Queue Management Milestone.</p> <p>d) We do not agree with this feature, which would allow developers to sit in the queue without progressing their project.</p> <p>e) We agree with including a rectification period to allow developers to resubmit planning applications if permissions expire. In our view, this is a pragmatic proposal that would not be used that often, especially if grid connection delays can be reduced. We propose that the rectification period for submission is the same as the proposed timelines for M1 (calculated forward from date of accepting a Gate 2 Offer).</p>
11	<div> <div> <p>Do you agree that DFTC should be included as part of CMP434? If not, do you believe that the reformed connections process can function without DFTC? Please justify your answer. (see pages 30-34, 51-53)</p> </div> <div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> </div> <p>Per our answer to Question 5 (Element 17), we do not believe that DFTC should be included in this proposal.</p> <p>In addition, we believe that the reformed connections process <u>can</u> function without DFTC. If the ESO believes it needs a forecast of DNO-connecting projects that may meet Gate 2 in future, then the ESO can use the list of projects that have accepted DNO connection offers but have not met Gate 2.</p> <p>DNOs could be required to provide this information to the ESO; or alternatively the ESO could look at the DNOs' Embedded Capacity Registers (ECRs), which contain a list of accepted DNO offers, and their high level technical parameters (e.g. capacity, technology, location).</p>
12	<div> <div> <p>The Proposer intends to set out supporting arrangements for TMO4+ via a combination of guidance and methodologies (e.g. DFTC, CNDM, Project Designation, Gate 2 Criteria). Do you anticipate any issues with having these outside of Code Governance? (see Pages 9-10, 55)</p> </div> <div> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div> </div> <p>Per our response to Question 2, we are concerned that having the Methodologies outside of this proposal could delay the go-live of connections reform.</p> <p>Per our response to Question 5 (Element 16), we are concerned that the use of Methodologies could:</p> <ul style="list-style-type: none"> - Significantly increase or decrease overall GB energy costs, and that a robust governance process such as Code Governance should reduce the risk of adverse outcomes; - Reallocate significant economic value between developers/Users. If these Methodologies are not subject to robust governance, then we believe that

	<p>there is a material risk of legal challenges from developers who believe they have lost out; and</p> <ul style="list-style-type: none">- Create an investment hiatus during 2025 (and possibly beyond) as developers and their investors wait to see how the Methodologies are applied in practice, and how frequently they are changed. 2025 is clearly a key year for the new government's 2030 Clean Power Mission. In this context, we do not believe it is prudent to introduce so much uncertainty into the connections process. Instead we support the introduction of clear, objective rules that require developers to move quickly or lose their queue position (i.e. be converted from a Gate 2 Offer to a Gate 1 Offer).
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