

Workgroup Consultation Re8.sponse 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 cusc.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 cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Rachel Hodges	
Company name:	Cubico Sustainable Investments	
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Phone number:	07765144505	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network <input type="checkbox"/> 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?	Mark the Objectives which you believe the Original solution better facilitates: Original <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D Click or tap here to enter text.
2	Do you support the proposed implementation approach? (see pages 59-61)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No We understand the need for this change and believe that the changes suggested will improve the current situation but have some further comments on the detailed implementation of the reform.
3	Do you have any other comments?	Click or tap here to enter text.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/> No Although we have made comments below in relation to specific elements of the reform, particularly the timings of or need for annual windows, we do not feel we are best placed to raise an alternative.

Specific Workgroup Consultation questions		
5	Do you agree with the elements of the proposed solution? Element 7 has been de-scoped and Element 10 is proposed to be codified within the STC through modification CM095 . Please provide rationale for your answer and any suggestions for improvement to each element?	
	Element 1: Proposed Authority approved methodologies and ESO guidance (see pages 9-10, 55)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	This is appropriate if changes are Authority approved and suitable wider consultation is sought for significant changes.	

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)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>Although we understand ESO's desire for an annual window for Gate 1, we can't see the actual benefit to TOs, connecting parties or the whole system. There is limited ability to undertake a whole system strategic design when projects are at this early stage and especially when so little information is available to them prior to application to enable any type of innovative or coordinated approach. We cannot see how a Batched Assessment with No TOCOs will provide any type of useful information to anyone with only indicative dates and locations provided to the connecting parties, no clear involvement from the TOs and no identified methodology for how the ESO will use this going forward into Y2 etc.</p> <p>In Y1, the applications will be rushed to avoid missing the window or missed altogether with projects opting to apply the following year with Gate 2 complete. Therefore, the information available to NGESO will be patchy and unhelpful.</p> <p>The annual window will only delay the ability to apply (following receipt of LoA) and increase the workload and opportunity for delays for the ESO. The time from application submission to clock-start and competency has already increased. We have recently experienced a number of situations where the portal did not provide the correct information to the TOs for assessment of competency so we have some concerns that errors like this will delay entry to the Annual Window and potentially mean you miss that window, having to wait a full year to enter again. That would be disastrous.</p> <p>We have also seen major delays to clock start, issuing of AtV's and responses to queries and clarifications. The ESO will need to be significantly more accountable if this reformed system is to work.</p> <p>There also seems to be no absolute guarantee of the annual window running each year, potentially providing further uncertainty and delay.</p> <p>We would like to see application windows for Gate 1 run more regularly than annually or removed altogether. We agree with the Gate 2 approach and the ability to apply and pass Gate 2 immediately, but we do note that even with that ability, the time from application to offer is now close to 12 months, rather than the previous 3 months.</p> <p>We would also like to see more clarification on proposed application fees for Gate 1 and Gate 2.</p>	
Element 3: Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Click or tap here to enter text.	
Element 4: Significant Modification Applications concept, including the proposed criteria and the proposed level of codification (see pages 12-13, 36-39)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Click or tap here to enter text.	

Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>The difference applied to Embedded generators is something we would like to see some assurance that DNOs and ESO will actively work together to ensure Embedded generators are not left behind. Under the recent 2 step offer process, we have Embedded generation that has waited 28 months from application and has still not seen a full offer where the longest a transmission connected generator has had to wait is 14 months. Regulations on DNOs and ESO to ensure that they minimise the time taken for Embedded generators to progress through the Gate process will be absolutely essential.</p> <p>The need for Embedded large generators to apply for a BEGA / BELLA through Gate 1 could mean that they if apply for a connection offer from a DNO after August in Year X, are not in a position to accept that offer and submit a BEGA until March in Year X+1 and then have to wait until the following Jan (Year X+2) to enter Gate 1 and would not receive their full offer until Jan in Year X+3 at the earliest. Meaning that they are effectively a year behind an equivalent transmission connected generator. This is more likely for generators in Scotland and so it is likely to have the largest impact on Wind projects – in fact many of the proposals in this reform will favour BESS, Solar and Thermal Generation and have the biggest impact on Onshore Wind and Scottish projects. The Authority should bear in mind when assessing the detailed Methodologies.</p>	
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 window entry requirement for offshore projects (see pages 15-16, 39-40)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>It is noted that “The Proposer therefore plans to keep the frequency and duration of the process, as well as the process steps, under review based on stakeholder feedback on this consultation”. As noted above, we would like to suggest that Gate 1 windows are opened more frequent than annually or removed completely and the duration of the Gate 1 Batched Assessment Process be reduced in duration as much as possible. We would also like to see a guarantee that an annual window, if it is implemented, will not be skipped for any reason, leading to incredibly lengthy delays.</p> <p>We also recommend that the window for applications should be opened earlier with time for the ESO and TOs to provide sufficient support and feedback during the competency assessment process to avoid any projects missing entry to the window unnecessarily.</p>	
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
<p>We do agree this is necessary, but we understand that it is not part of this scope at this time. But please ensure it is developed quickly following this reform.</p>	
Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)	<input type="checkbox"/> Yes <input type="checkbox"/> No

Element 9: Project Designation (see pages 17-18, 48-49)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We agree that this is a sensible approach but it will be important that the ESO clearly communicates the methodology for determination of these projects and that the detailed need / CBA methodology for these projects are publicised to ensure competition is still possible.</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 https://www.nationalgrideso.com/document/322801/download)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<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>The need for ENA to revisit Queue Management for Distribution connecting projects is noted and we agree that this needs to be undertaken as a priority to avoid overlaps / omissions.</p> <p>The note that the red line boundary does not have to match the one in Gate 1 submission is noted but as the allowed change has not yet been clarified then all projects that have applied with an LoA prior to the publication and acceptance of this Significant Modification Application guidance should not have to adhere to it.</p> <p>Proposed limits to changes to red line boundaries following submission of Gate 2 are reasonable.</p>	
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>The need for DNOs to submit Gate 2 information to the ESO in a regular and timely manner should be formally regulated and become a licence obligation.</p> <p>As securities and cancellation charges will not be detailed until the Gate 2 offer is received then developers may be at risk of abortive work in progressing to Gate 2 only to find the securities are way beyond what is reasonable. At least indicative costs, charges, securities and liabilities should be provided at Gate 1.</p> <p>As there are a number of outstanding issues related to pass through of transmission works costs to Embedded generators and high securities passed through to small generators for large reinforcements works that are strategic in nature rather than directly related to their connection, this is even more important at this time. In due course, once these issues have been addressed and ironed out, then it may not be quite so crucial.</p>	
Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Click or tap here to enter text.	
Element 14: Gate 2 Offer and Project Site Location Change (see pages 28, 46)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>We understand that there can be times when developers seek to avoid QM milestones and securities but if the location of their connection location has been changed significantly and they need to reassess their project to see if other land can be found closer to the new location, they should have the option to keep their existing project location open in case new land cannot be found in the timescales allowed. For BESS projects, it may be feasible to find new land and get options signed in less than 12 months but for wind projects this is not as straightforward and so it would adversely impact some projects more than others. Will this be taken into account when determining the optimal location for new transmission substations? What assumption on attrition will be taken following Gate 2? Will the ESO aim to coordinate allocation of bays, enabling multiple projects to share a bay to avoid the need for so many additional new substations?</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)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>As noted elsewhere, we understand that the process needs to change and that it may not be feasible to provide offers in three months from application but each element seems to have been stretched. From application deadline to offers issued, it is proposed that it will take 7 months for the Gate 1 process and a similar time for Gate 2. We have some concerns that without strict enforcement of these timescales that it will stretch further and we will be in a similar position to the one we see in USA (PJM) where application windows are skipped and the timeline from identification of a project to acceptance of a full offer can take 4 years.</p>	
Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (see pages 29, 53-55)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We see this as crucial to the successful implementation of the connections reform. If a Gate 1 batched process is to have any benefit (which we are still unsure it will) then the ESO will need to have the ability to include anticipatory capacity in the assessment to ensure projects are not dealt with on a case by case basis but that a strategic network build-out is achieved, holding all the elements of a stable and cost effective energy system in balance. A move away from first come, first served cannot just be answered by first ready, first connected. It also has to be answered by 'plan, design and build what we need, where we need it'. Projects that are waiting for a new substation will not be able to connect faster just because they sign up their land options and commit to submitting planning – the substation will not magically appear.</p>	
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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

	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)	
	We agree with this principle but it is not clear from the documentation what will actually occur. It seems it is just an information exchange and that the ESO will not actually make any plans to accommodate Embedded generation until Gate 2 submissions are received. This seems to put Embedded generators at risk of receiving a very different Gate 2 offer to the one they are expecting.	
	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
	Click or tap here to enter text.	
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	Click or tap here to enter text.	
7	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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	There is no information given on pre-application information. There is woefully little information available at the moment, especially from NGET. The TEC register and TWR register are out of date / vague as so many projects have been held up through the 2-step offer process. The NGET research assistant has recently stopped working with just a list of substations at capacity and connection nodes mean that connection locations / costs / securities / timescales are completely hidden So even the information that was available is now close to meaningless. There does not seem to have been any progress on this element whilst all the focus has been on connections reform and pushing back to the developers the need for progress to be made on projects. Prior to this connections reform being implemented then a clear set of meaningful pre-application tools and information provision on a strategic build-out of the network to enable net zero should be published. The Beyond 2030 Report only really provides information on the connection and reinforcements required of Offshore Wind. We need a much more strategic approach to generation / storage and the required infrastructure to enable it to help developers to plan suitable projects in suitable places. If that means that the first window is not open until Q2 or Q3 2025 but there is significantly more	

	information available to support developers in applying in a suitable capacity / technology / location, is that not a good idea?	
8	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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<p>Entry straight into Gate 2 should be possible, with the timescale for a full offer to be 6 - 8 months. Strategic planning and design should be based on all the applications received in a year with some attrition and some anticipatory capacity allocation. The Gate 1 offer will be incredibly limited in benefit to a developer with only indicative dates, locations and no costs / security information. There will not even be long stop dates as the TMO4 provision of 'projects not being able to move between windows' has been removed in TMO4+ so projects applying in subsequent windows will be able to effectively leap frog projects that have not yet met Gate 2. This will have the most impact on projects that need more land (onshore wind). We agree with the workgroup's proposal that at least 2 x Gate1 / Gate 2 windows should be available each year.</p>	
9	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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>If certain technologies / locations are beneficial to the whole system then the process should enable them rather than hinder them. But as there are many different parties, all having to co-operate to make the whole system work then care needs to be taken to ensure that investor confidence, cost of finance, supply chain, planning policy, land use policy, government policy and regulatory and connection policy are all aligned rather than fighting with one-another. A one-size fits all approach may not be to the benefit of the whole system. If we only need XGW of BESS to meet our net zero goals but twice that meets Gate 2 and gains planning then how do we prioritise and design accordingly?</p>	
10	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).	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>These options are sensible. Particularly c) and d). Even though the aim of Connections Reform is to aim to get projects connected in a reasonable timeframe,</p>	

	it is perceivable that projects are still given connection timescales of 5 years + after Gate 2 and forcing a developer to go into planning well ahead of when they will ever be able to build and when there is still significant risk to the developer on location / timeframes / costs etc. is not a sensible whole system approach.	
11	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)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Click or tap here to enter text.		
12	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)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>We agree that these can be outside of the Code Governance as long as there is a requirement that they are approved by The Authority and consulted on.</p> <p>A full review of user commitment, securities and cancellation costs should also follow-on from this reform as if the ESO is actually undertaking a strategic design of the system then projects should reasonably be able to expect to withdraw from the queue with limited penalty if there are other projects that are able to use the released capacity. The reformed system is putting additional risk on developers, so if this risk can be reduced to accurately reflect the impact on the ESO / TOs / Consumers then that would be wise.</p>		