

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 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:	Jonathan Selwyn	
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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 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 checked="" 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:

- a) *The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- b) *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;*
- c) *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- d) *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 type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
<p>a) The assessment states that the proposal will make a positive contribution to Net Zero targets but fails to clarify how the proposal will in fact speed up connections or provide any evidence of this statement. It is also silent on how the proposed projects will be ranked within the gate process in terms of their relative contribution to net zero, who makes the decision, how it is justified, whether it will be explained to applicants and how it is policed. For example, solar and battery projects can be delivered much quicker than all other technologies and therefore can make a material contribution to the accelerated 2030 targets – will this be considered in the selection of which projects will be enabled to connect first?</p> <p>b) The assessment states that the proposal will facilitate effective competition in the generation and supply of electricity but doesn't explain how the introduction of a gated process will contribute to this. No evidence is provided.</p> <p>c) No comment</p> <p>d) It suggests that the proposal 'also delivers benefits for customers and consumers as allocates capacity more efficiently to projects that are ready to proceed and studying connections applications in batches should lead to lower overall costs'. However, there is no clarity on how the capacity will be allocated, who will make the decisions and how batching will improve the process. Our experience from batching of the statement of works process is entirely negative – incredibly slow and opaque processes with no guaranteed timeframes, disputes between ESO and DNOs and no communication with customers. Why would this be any better?</p>		
2	Do you support the proposed implementation approach? (see pages 59-61)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Distribution customers will rely on DNOs to batch and submit projects in a timely manner to meet the annual submission deadlines. The Statement of Works experience to date suggests that distribution customers will have little confidence

	<p>that this will happen efficiently. This puts distribution projects at a disadvantage to transmission projects which are directly submitted by developers.</p> <p>There is also no clarity on how existing projects that may have been in the distribution queue for some years will be treated or how distribution and transmission projects will be analysed, compared and prioritised in the Gate 2 process. As we still don't know what criteria will be used for Gate 2, we can't support the Proposal as it stands.</p>	
3	<p>Do you have any other comments?</p> <p>The consultation on this Proposal allows insufficient time for industry input into what is a very material change to the process. This seems a rushed process without sufficient detail being provided for scrutiny. The uncertainty inherent in the new process will jeopardise millions of pounds of investment and slow rather than speed up the delivery of crucial net zero projects.</p>	
4	<p>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</p>	<p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/> No</p>
	<p>Click or tap here to enter text.</p>	

Specific Workgroup Consultation questions		
5	<p>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?</p>	
	<p>Element 1: Proposed Authority approved methodologies and ESO guidance (see pages 9-10, 55)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
	<p>It seems that the proposal is being presented as a fait accompli through a flawed consultation process with insufficient time given for key stakeholder input.</p>	
	<p>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)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>As noted above, distribution customers will be at a disadvantage in the new process as they will rely on DNOs to batch and submit applications and we have no evidence to suggest they have the capacity to do this in a timely and efficient manner.</p>	
	<p>Element 3: Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
	<p>Insufficient information on how the process will work for distribution projects</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>Insufficient information</p>	
<p>Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)</p>	<p><input type="checkbox"/>Yes <input type="checkbox"/>No</p>
<p>There is no clarity on how this process will work in practice nor how long it will take to implement. What will happen in the meantime? How does the ESO compare the merits of DFTC submissions against directly applied transmission applications? How do we make investment decisions without having clarity on the process?</p>	
<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)</p>	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p>
<p>There is insufficient time to prepare for such a significant upheaval in the application process, particularly given that there is insufficient clarity on many of the key features or the process. Given the lack of resources and poor customer service currently provided by DNOs and TSO, how will resources be allocated to deal with such a material change in the system? Evidence from how this reform process has been conducted so far is that there is little understanding of the proposed process from the key bodies that are expected to deliver it – the DNOs and the ESO have been unable to explain to industry how many of the key features will work which does not provide much confidence that it can be up and running in the timescale proposed.</p>	
<p>Element 7: Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)</p>	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p>
<p>It is unclear how disputes will be resolved. The current complaints process in the distribution system is broken. How can we have confidence that the new system will be implemented and managed fairly?</p>	
<p>Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)</p>	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p>
<p>It all depends on what the criteria is for Gate 2.</p>	
<p>Element 9: Project Designation (see pages 17-18, 48-49)</p>	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p>
<p>Given our experience to date of interaction with ESO via the SoW/Mod App process, we have no confidence in a fair and transparent process for project acceleration being led by ESO.</p>	
<p>Element 10: Connection Point and Capacity Reservation (proposed to not be codified within the</p>	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p>

<p>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>Insufficient clarity</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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Landowner permission has always been required for distribution projects and should have been required for transmission projects from the outset. However, developers only tend to move to option agreement stage once there is some certainty on grid status. Gate 1 doesn't provide enough certainty on grid status – it is more akin to a budget estimate. There is likely to be a reluctance of developers to commit to the costs of negotiating an option agreement prior to gate 2. One option would be to require exclusivity at gate 1, offers at gate 2 and option agreement as a milestone that follows shortly afterwards</p>	
<p>Element 12: Setting out the general arrangements in relation to Gate 2 (see pages 25-26, 47)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>As noted above, distribution customers will be at a disadvantage in the new process as we will rely on DNOs to batch and submit applications and we have no evidence to suggest they have the capacity to do this in a timely and efficient manner.</p>	
<p>Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Evidence of exclusivity and a red line boundary should be provided for gate1. An option agreement is unlikely to be practical or cost-effective until the gate 2 offer is made</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>If the Gate 2 Offer is unviable for the project connection point (new substation location found several kilometres away from the development site) then the new strategic network design approach deployed through the CNDM wouldn't have any benefit. This is similar to what a large number of developers have come across recently through the ESO Step 2 Offer process,</p> <p>At first sight, the proposed solution of giving developers the option to move their project site closer to the offered connection point without losing their queue position within a 12-month window from the acceptance of a Gate 2 Offer, provided they meet the Gate 2 criteria at the new site within this period, doesn't sound practical.</p> <p>How would this solution work effectively in the wider Gate 2 strategic network design approach when Developer(s) facing an unviable connection point are not able to secure land rights within 12 months thus ending to retain 'idle' capacity for</p>	

<p>this period against other Gate 2 qualified schemes located (by luck) closer to the offered substation site?</p> <p>Our key concern is how the System Operator are going to treat existing projects and how they will prioritise projects through the Gate 2 process. It appears that application dates (even when projects have been in the distribution queue for years) will not be respected once they all enter the gate 2 process. This is fundamentally unfair and may lead to myriad legal disputes.</p> <p>For example, if there are 10 projects contracted to the same GSP including transmission all meeting Gate 2, which projects will be connected first and how will attributable costs be fairly allocated to these schemes?</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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Not clear what is proposed</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>Unclear how the released capacity will be allocated between distribution and transmission</p>	
<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 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)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>As noted above, distribution customers will rely on DNOs to batch and submit projects in a timely manner to meet the annual submission deadlines. The Statement of Works experience to date suggests that distribution customers will have little confidence that this will happen efficiently. This puts distribution projects at a disadvantage to transmission projects which are directly submitted by developers.</p> <p>In addition, it is unclear how capacity will be allocated between transmission and distribution customers – the ESO is not a disinterested, neutral arbiter in this process.</p>	
<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)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	<p>The process for how DNOs and transmission connected iDNOs notify the ESO of small and medium embedded generators which meet Gate 2 criteria is expected to largely follow current practice with DNOs using the existing Project Progression (PP)/Transmission Impact Assessment process in order to submit Gate 2 applications on behalf of embedded customers.</p> <p>In our experience, PP is a lengthy, cumbersome and non-transparent procedure which has led to an unequitable management of the small and medium contracted generators to obtain transmission access in the favour of transmission direct connected to the same part of the network schemes.</p> <p>There is an overriding requirement for the establishment of a regulated timeline defining specific period during which the DNOs will be able to collect data from those DNO embedded schemes satisfying Gate 2 criteria and notifying the ESO accordingly via the batched submission.</p> <p>This period should allow adequate headroom for those qualified schemes to be included together with the transmission connected schemes in the Gate 2 application batch which will be assessed by the ESO under the newly introduced Connections Network Design Methodology (CNDM).</p>	
6	<p>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)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>We oppose the entire proposal.</p>		
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><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Click or tap here to enter text.</p>		
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</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

	<p>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>	
	<p>We oppose the entire proposal</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>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>It gives too much power to the ESO to determine which projects should be prioritised. There is no clear indication of how the prioritisation process will be structured, who makes the decision and how it is justified, what right of appeal there will be, how long decisions will take, how they will be communicated and how the whole process will be policed. Our experience of the SoW/PP process suggests that the ESO will be unwilling to feedback any information or engage in any dialogue with distribution customers. This, together with the poor relationship between the ESO and DNOs, will inevitably result in distribution customers being discriminated against.</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>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>Significant development expenditure and planning preparation can only be committed when the final point of connection is known and the date of connection is clear. A maximum planning implementation period is currently 5 years. This cannot be extended in the current planning framework. If planning is not implemented within this timeframe, a new planning application has to be submitted.</p>	
11	<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?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

	<p>Please justify your answer. (see pages 30-34, 51-53)</p>	
<p>The ESO has accepted 100s of Gigawatts of generation and demand applications to the Tech Register without requiring evidence of project viability. This has contributed significantly to the current problems with queue congestion. Until viability of projects in this queue is determined we don't believe that those that hold existing positions in the distribution should be prejudiced by the proposed new process.</p> <p>Distribution customers have always had to prove they have access to land rights and have made progress against planning milestones. By asking DNOs to batch all applications under the DFTC process it risks replicating and amplifying the failed SoW/PP process but on a larger scale and with more reliance on the DNOs to meet a specific, once a year deadline. There is no indication of what happens to the DNO or the projects if they fail to meet this deadline. Is there a right of appeal? Who polices this? Also, as noted above there is not clarity on how the ESO will evaluate and prioritise the direct transmission and batched DFTC applications.</p>		
<p>12</p>	<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>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>How can we determine the effectiveness of the proposal when so many elements of it have not been finalised and lie outside the regulatory framework?</p>		