

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:	Helen Stack	
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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 checked="" type="checkbox"/> Storage <input checked="" type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input checked="" 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>The Original Proposal is an improvement on the existing arrangements. On balance it better facilitates CUSC Objectives a) and b) compared with the existing “first-come-first-served” approach which has low barriers to entry.</p> <p>However, the Original Proposal does not go far enough in “raising the bar” to entry so that only viable projects enter and progress through the queue. Therefore, the Original Proposal alone will not be able to solve the problems that have resulted from the exponential growth of the current transmission queue.</p> <p>The Original Proposal fails to fully address the challenges faced by developers of embedded generation projects with a transmission impact. The Original Proposals does not include a solution to the problems at the transmission-distribution interface identified in the Connections Action Plan. As such, developers of embedded generation remain disadvantaged compared to those connecting directly to the transmission network. More could be done to meet CUSC Objective b) in this area.</p> <p>Moving to an annual window risks slowing the connections process too much for developers. We would have preferred six-monthly windows at most. The Original Proposal will only be successful in better facilitating CUSC Objectives a) and b) if the ESO and TOs deliver on using a batched approach to cut connection times.</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>Yes – in the sense that the ESO and the Authority need to ensure a reformed connections process can be implemented quickly.</p> <p>This is only qualified support for the implementation approach:</p> <ul style="list-style-type: none"> The timeline set out on pages 59-61 does not seem credible. For example, it does not account for the time Ofgem needs to make the required Licence changes. Industry needs clarity on what a realistic timeline looks

	<p>like, including for the Transitional Arrangements. For the avoidance of doubt, we don't want any material delay to implementation date.</p> <ul style="list-style-type: none"> • It's unlikely that the MVP will deliver sufficient improvements to connection times. We expect further measures will need to be brought forward at pace. • Industry does not have visibility of the several ESO methodologies and guidance documents intended to be part of the MVP solution. It's unclear if these can be developed and consulted on in time for go-live. • Data and digitalisation improvements are needed to support the MVP, with respect to exchange of data between networks, ensuring data quality and providing developers with better information – such as a single view of the combined transmission and distribution queue. We note Ofgem has asked the ESO to develop a plan for how the Data Sharing Infrastructure (DSI) can be used to support Connections Reform.
3	<p>Do you have any other comments?</p> <p>Ensuring timely submission of Gate 2 evidence by DNOs/iDNOs</p> <p>Embedded generation developers need confidence that DNOs will pass on evidence of meeting Gate 2 requirements to the ESO in a timely manner. There is risk of embedded generation ending up behind transmission projects who've met Gate 2 requirements later, if the DNO is slow to submit.</p> <p>In recent years we've seen frequent examples of distribution generation projects being disadvantaged in the transmission queue relative to directly connected generation due to DNO delays in submitting Project Progression.</p> <p>There must be a mandatory requirement on DNOs to pass Gate 2 evidence on within a set timescale (either codified or in licence conditions). We recognise this will sit outside the scope of the MVP, but work on this must be initiated this year by Ofgem or the ESO.</p> <p>Non-firm connections</p> <p>Non-firm connections are being increasingly used to help projects connect earlier at both transmission and distribution level pending completion of reinforcement works. A few varieties of these have been developed at speed as part of the transmission and distribution networks' short-term tactical actions. Whilst welcome, most of these sit outside of code and not all methodologies have been published. Our point for CMP434/CMP435, is that the interaction of non-firm arrangements with the MVP hasn't been properly considered. This doesn't need to be done as part of the MVP but should be as an early 'follow-on' task.</p>

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

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>	
Element 1: Proposed Authority approved methodologies and ESO guidance (see pages 9-10, 55)		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>We're concerned the proposed consultation process for the Methodologies limits the potential for alternative industry proposals to be considered. If Element 1 is taken forward, we'd like to see concrete obligations on the ESO to engage with industry stakeholders prior to the formal external consultations. This informal consultation would need to be open to all stakeholders, with all relevant documentation being published (i.e., not within a closed group).</p> <p>At this stage, there is not full clarity on the scope of the formal Methodologies and less formal ESO guidance. The ESO acknowledges that Element 1 is still the subject of ongoing discussions with the Authority. There is too much missing information for us to support Element 1.</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)		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Overall, we are concerned that Element 2 delivers a solution that slows the connections process for developers, when wider policy changes in areas such as transmission delivery and planning are all aimed at speeding things up. We would have preferred a solution with two application windows a year.</p> <p>Our support for Element 2 is conditional on there being enduring arrangements that allow Small and Medium relevant embedded generation being able to apply outside the annual window.</p> <p>This means should the Authority approve the GC0117 Original Proposal we'd want the ESO to bring forward amendments to mitigate its impact.</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
<p>We need clarity on the treatment of large, embedded demand that has a transmission impact. We are seeing an increasing number of demand sites connecting at distribution level that require a Project Progression, including plans for new demand technologies such as hydrogen electrolyzers.</p>	
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
<p>We agree with the principle of this. We have had projects be delayed further under the existing queue regime by third party projects ahead of us making significant changes, including because of the additional work this has required from the network companies to support the change.</p>	
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>We support the proposed differences for Relevant Embedded Small/Medium Power Stations.</p> <ul style="list-style-type: none"> It is not proportionate to require Relevant Embedded Small/Medium Power Stations to wait for the annual Gate 1 Application Window to initiate an application. Forcing embedded generation into the annual application window would slow national progress towards decarbonisation. We support embedded generation being able to: <ol style="list-style-type: none"> apply to the DNO/iDNO at any time of the year and be confident that the DNO/iDNO will pass on evidence to the ESO that Gate 2 criteria have been met in a timely manner. Point b) is critical. We must end the delays embedded generation developers experience around Project Progression submission by DNOs. We need an explicit obligation on DNOs put into industry code and/or licence conditions to submit Gate 2 evidence received into the next window. This could allow for a set period (e.g., 1 month) for the DNO to complete its checks. <p>Interaction with Grid Code proposal GC0117: It is not proportionate to limit the ability of embedded generation to apply outside of the annual application window to projects that are under 10MW. This will happen from mid-2027 if the Authority approves the GC0117 Original Proposal.</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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>It is hard to say 'Yes' to Element 6 when the timeline is in doubt.</p>	

<p>Ofgem had previously said the Authority needed to decide on CMP454 by 6 November at the latest to allow time to make the required licence changes to enable go-live and the opening of the annual window on 1 January 2025. Ofgem and the ESO should update industry on any contingency plans. It is hard to say 'Yes' to Element 6 when the timeline is in doubt.</p> <p>Our support for Element 6 would be conditional on Relevant Embedded Small/Medium Power Stations being able to apply to their DNO/iDNO at any time of the year, as per Element 5.</p> <p>We remain concerned that moving to an annual window will slow the connections process too much for developers. We would have preferred six-monthly windows at most. The Original Proposal will only be successful in better facilitating CUSC Objectives a) and b) if the ESO and TOs deliver on using a batched approach to cut connection times.</p>	
<p>Element 7: Fast Track Disagreement Resolution Process (de-scoped from this modification – see pages 16, 58)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Click or tap here to enter text.</p>	
<p>Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We support the Longstop Date for the MVP and believe the ESO should propose additional measures as soon as possible.</p> <p>We believe that the Gate 1 requirements need strengthening to meaningfully raise the 'bar to entry'. There need to be stronger incentives on developers:</p> <ul style="list-style-type: none"> a) to only submit robust projects which have viable commercial prospects b) to actively progress projects towards Gate 2. <p>We were in favour of including the capacity holding fee which was de-scoped from the MVP, and continue to believe that financial tools have a place in Connections Reform.</p>	
<p>Element 9: Project Designation (see pages 17-18, 48-49)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>We don't believe this is necessary for the MVP.</p> <p>There is too much uncertainty around how this would operate and what is included, with too much sitting outside of Code in Methodologies.</p> <p>This would be better progressed as part of a separate modification where there is the time and space to fully consider and develop the concept of Project Designation with industry.</p> <p>A longer time frame would also allow discussion on the future interaction of the Spatial Strategic Energy Plan (SSEP) with Connections Reform.</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
Not answered.	
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)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We support as an MVP but expect that Element 11 will need further strengthening to deliver the results needed.</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>We support as an MVP and on condition that an explicit obligation is placed on DNOs to submit their customers' Gate 2 evidence on time.</p> <p>Embedded generators relying on their DNO/iDNO to submit their Gate 2 Application need guarantees that their Gate 2 evidence will be submitted to the ESO in a timely manner. This means the DNO submitting in the next available Gate 2 window. There must be an explicit obligation on the DNOs to do this.</p> <p>We need clear regulatory levers to ensure timely submission, to avoid a repeat of the extensive Project Progression submission delays that many embedded developers have experienced.</p>	
Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We agree in principle, subject to publication and consultation on the Gate 2 Criteria Methodology which is not yet available.</p> <p>We agree that self-certification is the most pragmatic approach.</p> <p>In addition to standardising the template across transmission and distribution, there needs to be agreement on how this is filled in and assessed. At distribution level we've experienced project delays because, despite DNOs using the same application template, they have asked information on it to be input in different formats and also assessed the same information differently.</p> <p>The ESO and networks must ensure internal and inter-network systems are in place to process the evidence efficiently to avoid undue delays to projects passing Gate 2. Queries must be able to be resolved quickly.</p>	

Element 14: Gate 2 Offer and Project Site Location Change (see pages 28, 46)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We accept there will need to be changes to the offer and acceptance timescales in the current codes and licences.</p> <p>There is a Connection Action Plan action on Ofgem to undertake an end-to-end review of connections incentives, obligations and requirements on the ESO and network companies. As part of this Ofgem should consider the introduction of other mandatory timescales to support Connections Reform. For example, we believe there must be an obligation on DNOs to submit Gate 2 evidence in a timely manner (to avoid the current issues with Project Progression submission.)</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 agree with the principle of introducing a CNDM, but without knowing more about the form and content of the CNDM it's difficult to comment further.</p> <p>We do need much more transparency on how capacity is allocated, including how freed-up capacity is re-allocated.</p> <p>We'd like to understand the timeline for Ofgem's expected consultation on ESO/TO license changes relating to the CNDM.</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)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>GC0117 – potential impact</p> <p>If there is an annual application window, we believe it's essential Relevant Embedded Small and Medium Power Stations are not forced into that window and can apply to their DNOs at any time. This needs to be based on the current thresholds (at a minimum) and we note that the ESO says in this consultation that it is not proposing these are adjusted.</p>	

	<p>Ofgem and the ESO need to recognise that if the Authority approves the Original Proposal in Grid Code modification GC0117, then only embedded power stations under 10MW across GB will be able to benefit from the DFTC process and the exception from the Primary Process set out in Element 5. Forcing all 10MW projects into the annual application window would be disproportionate and have a negative impact on decarbonisation.</p> <p>Whether DFTC needed as part of the MVP?</p> <p>There could be an option for DFTC to be removed from the MVP – on condition that the MVP still allows Relevant Embedded Small and Medium Power Stations to apply outside of the annual window.</p> <p>We believe this could be a viable option because there are alternative data sources that could be used in lieu of a DFTC submission for the first year – such as the Embedded Capacity Register (ECR).</p> <p>This could allow for codification of the DFTC in the Grid Code and greater discussion of the DFTC concept with industry, as well as the existing slippage in the CMP434/435 timeline.</p> <p>Gate 1 Longstop Date – application to Relevant Embedded Generation</p> <p>In principle, we agree that distribution and transmission customers should be treated the same and both be subject to a Gate 1 Longstop Date. As for the Longstop Date in general, there needs to be more information shared on how discretionary extensions will be implemented at both distribution and transmission levels.</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>There must be a binding obligation placed on DNOs/iDNOs to submit Gate 2 evidence in a timely manner. This is needed to avoid the current issues with DNO delays in submitting Project Progression requests to the ESO. If such an obligation can't be included in the MVP, then it needs to be codified and/or added to DNO/iDNO licence conditions ahead of the first Gate 2 window.</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</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	process? If not, why not? (Please note the element number in each of your responses if applicable)	
	<p>Project Designation - could be left out and progressed separately to allow better definition of the concept.</p> <p>DFTC – We don't have strong views on removing DFTC from the MVP. We do believe it's essential that small/medium embedded generation can avoid the transmission annual application window. However, we can see benefits in de-scoping DFTC from the MVP to allow the DFTC concept to be fully developed and codified.</p>	
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
	<p>Element 6 & 12 – Gate 1 and Gate 2 criteria</p> <p>We believe that financial tools or instruments have a place in Connections Reform and will likely be necessary so that the bar is sufficiently raised to ensure only viable projects enter the process. We were in favour of retaining the Capacity Holding Fee between Gate 1 and Gate 2.</p> <p>Securities and Liabilities start to kick-in after Gate 2. Being based on the specific reinforcements required for each project, these do not provide a signal to progress or leave queue if those reinforcement costs are negligible.</p> <p>Element – Obligation on DNOs for timely submission of Gate 2 evidence</p> <p>We would have liked the MVP to include an obligation on DNOs to submit Gate 2 evidence from their embedded generation customers to the ESO for the next available Gate 2 window. If it's not included in the MVP, then Ofgem must ensure licence and/or code changes are made to this effect in time for the first Gate 2.</p>	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>On one level, we'd support projects being able to apply straight into the Gate 2 process if they meet the relevant criteria because of our concerns about the annual window slowing project development timelines.</p>	

	<p>On the other hand, this would disadvantage embedded generation projects who must first pass a DNO version of Gate 1 (via their application to the DNO) and secondly is dependent on the DNO checking and submitting their Gate 2 evidence to the ESO.</p> <p>We'd need more clarity on how queue positions will be determined at Gate 2 to support Gate 1 being non-mandatory.</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>We have always felt that an annual application window would delay project development and would have preferred a more frequent application window for all technologies and project sizes.</p> <p>We believe that forcing Small and Medium Relevant Embedded Generation into the annual application window would have had a disproportionately negative impact on embedded generation projects and slowed decarbonisation. We think it's vital to retain the ability of embedded generation to apply to the DNO at any time.</p> <p>The methodology for defining queue position is not currently set, but we see potential for discrimination in the queue against embedded generation projects due to delays in the DNOs/IDNOs and ESO exchanging information at the transmission/distribution interface. Placing an obligation on DNOs/IDNOs to submit Gate 2 evidence within a given timeframe would help mitigate this.</p> <p>Embedded demand is excluded from the MVP primary process. We need clarity on the treatment of new embedded demand that has a transmission impact. Especially given the Government's industrial strategy is encouraging large industrial demand sites like gigafactories and datacentres, as well as hydrogen infrastructure.</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>We are broadly OK with the approach to the M1 milestone.</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? Please justify your answer. (see pages 30-34, 51-53)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>As stated in our response to Q17, there could be an option for DFTC to be removed from the MVP – on condition that the MVP still allows Relevant Embedded Small and Medium Power Stations to apply outside of the annual window.</p> <p>The connections process could function without DFTC in the short term because there are alternative data sources that could be used for the first year – such the Embedded Capacity Register (ECR).</p> <p>This could allow for codification of the DFTC in the Grid Code and greater discussion of the DFTC concept with industry, as well as the existing slippage in the CMP434/435 timeline.</p>		
12	<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>There are potential issues with a lack of transparency and engagement with industry in the development of guidance and methodologies.</p> <p>We strongly believe that industry must be consulted as early in the process. Informal consultation must be open to all and not be done in closed groups.</p> <p>We share other industry concerns about the MVP going live without the associated guidance and methodologies in place. Although we don't want any significant delay to implementation.</p> <p>We also share concerns that a number of key guidance documents sit outside of the formal Methodology (capital M) process and as such will not follow the mandatory consultation and Ofgem approval process.</p>		