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Dear CUSC Team,

## RE: CMP434/435 consultations

This response to the ESO's Workgroup Consultations CMP434 and CMP435, dated 25 July 2024, is from National Grid Electricity Distribution plc (NGED), on behalf of NGED's four license areas. NGED is the UK's largest electricity Distribution network and serves over 20 million customers in the East and West Midlands, South West and Wales, delivering essential power to millions of homes and businesses across its regions. This cover letter summarises our key points and, together with the CMP434 and CMP435 proformas which include detailed comments and requested changes, forms the official response from NGED to the consultations.

### Summary of NGED's Position

We welcome the efforts to make meaningful change at this time. It is widely accepted that reform and transformation is needed to achieve the UK's targets and ambitions for Net Zero and alleviate the connections backlog being experienced industry wide.

#### 1. For the Existing Queue

There is an urgent need to remove the barriers which are preventing projects that are ready to connect from progressing. In its current form, TMO4+ does not go far enough, and will not significantly reduce or reorder the queue for projects that are ready first. As well as strengthening the criteria for first ready, we strongly urge the inclusion of a prioritisation process based on benefit to the system to be included in the short-term proposals.

We believe that gate 2 would be fit for the purpose of '**first ready, first needed, first connected**', with some additions to the current proposals for TMO4+ and the existing queue, including:

- An additional prioritisation at gate 2 for **system benefit**, and
- Further prioritisation of projects by **readiness** based on additional milestone achievement.

These projects would be flagged by the DNOs to the ESO as priority projects and have earlier delivery dates allocated by the ESO accordingly, relative to other projects not achieving those criteria.

There are also some **specific distribution connections issues** which need to be remedied to support industry consistency, alignment and efficiency e.g., in some instances, projects that would provide immediate constraint relief, are stuck behind projects which create additional constraint. The most

significant distribution-specific issues are listed below, with more detail included in the proforma together with proposed solutions:

**1. Transmission and Distribution offers are mis-aligned, falsely holding queue capacity.**

In accordance with our obligations, distribution companies are providing firm offers before the Transmission / ESO network studies have taken place and holding a position in the queue. Once the network studies have been completed, offers have to be revised with new costs or a new connection point.

**2. No fees charged for Distribution applications making it easier for ‘no regrets’ applications.**

Although the ability to charge at application is available to DNOs, this is not currently being deployed due to the risk of inconsistency, and this is resulting in more speculative offers.

**3. Distribution forecasting not yet being considered in the Transmission system studies.**

Without more granular Distribution forecasts being used in ESO system studies, capacity is not being assessed on a whole system basis.

**4. Demand connections are excluded from the capacity assessments.**

There is a risk that capacity identified is not accurate if generation connections are being assessed in isolation and don't consider demand connections at the same time.

**5. Behind the meter projects need a defined process.**

Generation connected to existing demand supplies should not be caught up in a connections queue – especially in the areas where they relieve constraints.

**6. Proposed change of planning milestone to forward facing.**

Having milestone M1 (submit planning consent) as a forward-facing milestone could lead to projects having to submit their planning consent before they need to, and therefore could risk planning consent expiring before the project is ready.

**7. Proposed change of definition to large power stations.**

This interacts with the current planning reform and could narrow down the volume of distribution schemes that could be accelerated.

**8. Long stop proposal at 3 years is too long.**

A three-year long stop date encourages more speculative applications, and projects can sit at gate 1 indefinitely, which creates additional administrative burden.

## 2. For New Connections Applications

We advocate for a decoupling of the network design from the connections process, to enable a **targeted and strategic network evolution**. This would be done by:

a) **Using Net Zero targets and efficient asset management as the main driver behind network development.**

Choosing the right technology at the right location, with consideration for co-location, should be the priority for 2030 NetZero targets. There should be a clear understanding of what the network needs to deliver its targets, with the relevant data and signals provided to industry to meet that need.

We would advocate for implementation of this technical development on day 1 of TMO4+ if this new criterion could be incorporated with speed. However, if it was expected to add significant delay, then a phased approach would need to be taken.

**b) Separately managing a connections process based on:**

- **First ready** – more stringent management of progression through the milestone management process e.g., through introducing financial instruments in the form of fees per MW, application fees as per Transmission, security deposits, or cancellation fees.
- **Best value** – introduce new ways to allocate contracts to the best whole life value projects and ensure more focus on the rewards customers receive once connected.

In the interests of momentum, we recognise the need to make large scale changes as soon as possible, and therefore understand that these additional measures may need to be developed in parallel to the TMO4+ model. We are committed to collaborating with key players in the industry to share ideas and work at pace on this critical transformation.

It is important to us that we continue to engage positively with the industry and believe that some issues can be resolved through tactical initiatives, and some through more strategic connections reform. Throughout all of this, collaboration with customers will be essential to understand their desire and readiness to connect. Within NGED we will be running a task force to identify innovative ways of addressing queue challenges and realising opportunities.

We will continue to work at pace with key policy makers to support the essential reforms required and would be happy to discuss any of our proposals in more detail, as needed.

Yours sincerely

(by email)

Amanda Le Brocq

Director of Connections, National Grid Electricity Distribution