

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	
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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	<p>Do you believe that the Original Proposal better facilitates the Applicable Objectives?</p> <p>Mark the Objectives which you believe the Original solution better facilitates:</p> <p>Original <input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D</p> <p>Has the Workgroup considered whether the CUSC Objectives remain entirely valid in the context of Connection Reform and how it has been justified? Should the Proposal include consideration of the Objectives themselves?</p> <p>To attempt to answer the question:</p> <p>Many but not all aspects of the Original Proposal could allow the ESO and TOs to manage the licensed connection process and CUSC administration more effectively and efficiently.</p> <p>Facilitating an economic and efficient transition to a zero carbon energy system is included in the transmission licence conditions. The Proposal aspires to this aim but there is no element defined within it that allows the ESO to prioritise connections for low carbon technologies.</p>
2	<p>Do you support the proposed implementation approach? (see pages 59-61)</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The proposed implementation approach and timescale described on page 59-61 seems generally reasonable <u>if</u> the ESO and the Authority think the required accompanying changes can be made and communicated in time. However the other comments below explain why the overall approach is not supported, in particular those comments on Methodologies proposed not to be codified.</p>
3	<p>Do you have any other comments?</p>

	<ol style="list-style-type: none"> 1. The main problem that is being communicated to the industry by the ESO and the TOs is the huge and unmanageable connections queue. The solution generally implied is that this connection pipeline needs to be “reduced and rationalised” (NGET’s words), presumably to enable the ESO and TOs to meet the CUSC objectives and licence conditions. However reducing the connection queue has not been identified as a specific target in this proposal. Is it in fact a real target and will the proposed Gate 2 criteria actually achieve it, if so? 2. The Proposal development process should include more consideration / modelling of the process and the resulting outcomes of applying Gate 1 and Gate 2 and Project Designations, and how and whether it will actually deliver faster connections overall. Has any forecasting been done of how many projects will stay in Gate 1 and/or be terminated? 3. The consultation document identifies the aspiration towards “first ready, first connected”. It does not provide supporting evidence that projects which are actually ready to connect are likely to benefit from the revised connection process. 4. The draft Gate 1 / Gate 2 contract content is mentioned as being discussed with the Workgroup, but not detailed as an Element or invited for comment here. We agree with the Workgroup comments on page 50-51. 5. The draft Legal Text and contract template changes have not been made available and should be subject to separate Workgroup Consultation. 6. Why is there not a parallel CUSC modification in progress considering an associated application fee structure? 7. Key questions for developers are: when can they get a connection, and where will it be (i.e. how much will it cost)? Relative queue position is perceived to be important in determining these considerations. The existing first come, first served concept and the interactivity processes within the CUSC provide some clarity, which will be removed by the new process. The Proposal needs to provide better information about how the projects who will have passed Gate 2 will be allocated connection dates and locations, how the connection queue will be ordered, and what steps developers can take to de-risk / optimise their project or bring forward their connection date, especially if the Gate 1 date offered is a long way ahead. 8. The Gate 1 / Gate 2 process, supplemented by Project Designation, will be a general way of distinguishing between conceptual projects, buildable projects and more “important” projects, but the sole use of land rights is a very blunt instrument. 9. The Proposal still leaves developers in the dark about what the results of implementing the Proposal are expected or likely to be for their projects.
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 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 style="text-align: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>Adoption of Element 1 will undermine the principles of the CUSC and its industry governance. It will prevent the wider industry from inputting into much of the detail of the connections process.</p> <p>The reasons for doing this and the benefits have not been convincingly argued, and the associated risks and mitigations have not been clearly identified.</p> <p>A change of this magnitude taking processes out of the CUSC should not be a single element of a CMP.</p> <p>Relying on Guidance Notes and documents outside the CUSC makes the process significantly more difficult for developers and in particular new market entrants to navigate.</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 style="text-align: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>No comment</p>	
<p>Element 3: Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)</p>	
<p style="text-align: right;"><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>The final wording needs to be very clear in accepting that developers who are offered connections in TO Node substation bays (typically in England and Wales) cannot acquire land rights for cable routes (which would be in the developer's scope) to substations which they do not know the location of, until a Gate 2 offer is made.</p> <p>Consideration could be given to whether this would render the proposed Gate 2 criteria less useful as a filtering mechanism.</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 style="text-align: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

<p>The concept seems a good one.</p> <p>However the detail of what comprises a Significant Modification Application can and should be codified in the CUSC, and not left to the ESO's sole discretion and the vague wording in the consultation document. This will provide clarity and certainty to developers navigating the connections system, in a similar way that the definition of the current criteria for the requirement for a Modification is codified.</p> <p>Agree with the Workgroup points on pages 49-50 of the consultation document.</p>	
<p>Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>It would be helpful to have some visibility of whether this will replace existing processes, and if so, which ones.</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 type="checkbox"/> No</p>
<p>No comment</p>	
<p>Element 7: Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Existing processes should be employed or updated.</p>	
<p>Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</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>Agree with the Workgroup points on pages 49-50 of the consultation document.</p> <p>The ESO could have some ability to prioritise connections other than on the basis of Gate 2 but this should be codified.</p> <p>The introduction to the Proposal indicates that it aims to help meet net zero targets and the needs of project developers and consumers.</p> <p>Firstly the proposed Project Designation Element does not state how the designation criteria will include these objectives. Efficient network development is necessary but not sufficient to meet the stated objectives. Element 9 mentions only Security of Supply, criticality of system operation, reduction of network constraints and material cost detriment to consumers as possible criteria.</p> <p>Secondly the details of the Project Designation Methodology are excluded from the Proposal. So effectively the ESO will be left to formulate what the ESO considers to be best, and prioritise projects, without having to define its criteria and without requiring any decisive input from anyone else affected by its decisions. This is in complete opposition to the concept of CUSC governance.</p> <p>The CUSC Modification should include the Project Designation Methodology, to provide certainty to developers and minimise the risk to the ESO of legal challenge.</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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>No comment</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>The case is not effectively argued for why Queue Management (i.e. whether a connection contract will or may be terminated due to lack of progression) should remain codified, but Gate 2 criteria (i.e. whether a project should be offered a viable connection location and firm date) should not be codified.</p> <p>Both concepts are looking to demonstrate the ability of a project to move forward and they should not be treated differently.</p> <p>It is unclear, firstly, why the planning application needs to be mentioned in Ongoing Gate 2 compliance, when it is covered by Queue Management milestones which already provide a progression management mechanism, and secondly, what the consequences of failing to meet the Gate 2 Ongoing Compliance element would be, other than the QM consequences.</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>Once a Gate 2 connection date is offered, allowing contractual reopeners for the TO based on “TO consenting and delivery of reinforcement works” places an unfair imperative on the developer to achieve consent and to deliver without a comparable imperative on the TO. The commitment of the TO to deliver should reflect the commitment of the developer to progress (which includes cancellation liabilities and Queue Management termination risk). It would seem fair for the connection date to become firm and binding on the TO to deliver, with associated late delivery compensation identified, unless a delay is agreed mutually.</p>	
<p>Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>This should be codified.</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>Agree with the Workgroup points made in the final paragraph on p. 46.</p> <p>This would be a real issue if the Gate 2 connection location is not as requested or expected, but that presumably means that there is no efficient connection option available for that project. That should be highlighted to the developer during the Gate 1 phase.</p> <p>Element 14 opens a door for trading in transmission connection offers for speculative projects.</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>This is extremely poorly argued especially as it may entail a licence change.</p> <p>The Proposer needs to provide some information about how much time / resource is currently required to provide a typical connection offer, how much time / resource is expected to be needed to provide a Gate 1 and a Gate 2 offer, and explain what the new timescales might look like.</p> <p>Without this information it's impossible to comment meaningfully, other than to say extending licensed offer timescales will not make the connections process any more efficient. Offers typically already arrive on the last day possible (or later).</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>This indicates that the Interactivity Guidance Policy would need to be updated by the ESO. Why would the Workgroup not suggest that it would also require CUSC section 6.10.4 to be updated? The CNDM seems to be going to form the basis of how projects are allocated capacity and connection dates and its as-yet undefined status makes it difficult to provide a meaningful consultation response.</p> <p>Agree with the Workgroup’s concerns about the Proposer’s intention not to codify the proposed new capacity reallocation mechanism (p.54), and with the view that the capacity reallocation mechanism is central to this proposal. The indication that the Proposer does not intend even to present the potential content of the CNDM (including the capacity reallocation mechanism) to the Workgroup to consider is of concern. This would prevent a key element of effective competition and the mechanism for allocating connection date and location (and therefore cost) from being as transparent to the industry, developed with the industry, and therefore as fair, as possible.</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 type="checkbox"/> No</p>
	<p>No comment</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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
	<p>The details of the application fee need to be defined, even if only cross-referred to other documents.</p>	
<p>6</p>	<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>Element 14.</p>	
<p>7</p>	<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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	<p>Consider adding a CUSC Objective to facilitate the transition to Net Zero, to provide focus on it, instead of leaving it hidden in the licence conditions and covered under Objective a.</p> <p>Add draft Gate 1 / Gate 2 contract content.</p> <p>Perhaps a mandatory offer of discussions with the ESO and TO about the Gate 2 offer details, prior to and after issue of the Gate 2 Offer, could be included.</p> <p>The Proposal does not say what happens if Gate 2 Ongoing Compliance is not demonstrated.</p> <p>Consider including a requirement for project queue positions to be published.</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 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>No reason why Gate 1 shouldn't 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>	
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<p>The Gate 2 criteria currently proposed (i.e. demonstration of appropriate land rights) are a reasonable minimum basis to demonstrate project viability.</p> <p>The Gate 1 / Gate 2 process in itself need not discriminate against any types of projects – fair or unfair discrimination is more likely to stem from how the details of the process are implemented and what criteria are applied. The Workgroup could consider some examples of risks of unfair discrimination.</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 type="checkbox"/> Yes <input type="checkbox"/> No
	<p>Considering whether each option leaves the developer open to risk that they cannot manage themselves:</p> <p>a) vulnerable to circumstances outside the developer's control and very uncertain</p> <p>b) reasonable concept; within developer's control; suggest asking for LCCC view on effectiveness</p> <p>c) reasonable concept; removes a key risk / unknown that is outside the developer's control</p> <p>d) vulnerable to circumstances outside the developer's control</p> <p>e) reasonable concept and within developer's control</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>	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>No comment</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>See comments on Element 1. Agree with the Workgroup concerns and comment on page 55. The case for taking these elements out of the CUSC governance process has not been justified in the Proposal. Adding a separate governance process and associated documentation for these items would add unnecessary complexity and obscurity to developers trying to navigate the system, as well as transferring more unilateral control to the ESO away from wider industry oversight.</p>		