

Workgroup Consultation Response Proforma

CMP435: Application of Gate 2 Criteria to existing contracted background

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:	Michelle MacDonald Sandison	
Company name:	SSEN Distribution	
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Phone number:	01738 342183	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input checked="" 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 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.

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 checked="" type="checkbox"/> D
SSEN Distribution believe the Original proposal better facilitates objectives A, B and D because it will significantly amend the current connections process to a state where projects that are ready to connect, can connect. We also believe the Original will promote efficiency in the implementation of CUSC arrangements as it is currently the most efficient way to achieve the aims of this modification.		
2	Do you support the proposed implementation approach? (See page- 57-58)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>We do not support the proposed implementation approach as described in the workgroup consultation. While the Original proposal presented highlights a significant improvement to the connections process compared to the Baseline and we believe there are a number of historic issues with the current process. Therefore are very supportive of the industry work to rewrite this process into something more efficient for viable projects to connect.</p> <p>However, we believe the timeline for implementation to be overly ambitious for the quantity of work required to reform the connections landscape to ensure successful implementation of change. The implementation date should be extended to allow connections customers require a suitable longer timeframe to adjust to the new requirements required of this Proposal, ensure readiness by regulated organisations to manage new processes, as well as to ensure the code and licence changes are thoroughly developed and ready to implement.</p> <p>We understand that the current implementation date is aligned to the commitments made under the ESO RIIO T2 BP2 business plan, however ongoing conversations around the impact of TMO4+ as currently proposed need to be continued to ensure delivery is mapped to successful impact and implementation, acknowledges challenges and complexity of the code modification and industry engagement, political landscape change and continue growth of the connections queue. We would recommend an implementation date that is aligned to being able to incorporate the additional concepts being discussed, such as CP2030 and alignment of the TMO4+ process with FES and SSEP to support delivery of CP2030, to enable a fully formed solution that delivers a more needs-based approach to connections. We do not believe a staged approach that requires connections customers to have to “re-apply” or have their projects re-assessed for different requirements a</p>		

	number of times as part of the implementation to be efficient for both developers and network companies alike.	
3	<p>Do you have any other comments?</p> <p>SSEN Distribution remain concerned that the proposed changes under CMP435 are being driven from a Code Modification and are not currently supported by legislation or a mandate from Ofgem or the Department for Energy Security and Net Zero. At present, the lack of support from these parties leads us to believe there is a significant risk of legal challenge of the current proposal.</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 for CMP435? Please note that the application of these elements may be different to CMP434, therefore please answer the questions in respect to CMP435.</p> <p>Elements 2,4,6,7,12,15,17 and 18 are not part of the CMP435 Proposal and is only part of the CMP434 Proposal. Element 10 is proposed to be codified within the STC through modification CM095.</p> <p>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 Page 8-10,29)</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
<p>SSEN Distribution is supportive of the principle of codifying the high-level concepts and principles of methodologies and guidance, with the details of these concepts being held outside of the CUSC. By keeping the detail outside of the CUSC, the ESO will have the ability to make amendments to respond to changing industry requirements in a more efficient timescale than if these concepts were fully codified.</p> <p>We consider one of the key reasons the electricity connections process has become so stagnated is due to the codes and regulations not keeping pace with the changes in industry, by keeping the detail outside of the code, it allows industry the option to change over time, in order to keep pace with what’s happening within the industry.</p> <p>We recognise the defined consultation process the ESO has proposed and support this, as it gives industry appropriate time to review and comment on amendments to the proposed methodology.</p> <p>To clarify, we believe it is vital the principles of the concepts are codified, with additional detail being held outside of the CUSC, including the governance process associated with the change to</p>		

<p>methodologies and guidance. The ESO should not and cannot be the author and also the approver, especially as impact shall be felt by other regulated organisations and customers. Consideration should be given on the roles to be played by other regulated organisations, such as DNOs who are not included/list on the modification proposal as a party that shall be involved with the Connections Network Design Methodology development. Clarity is required on the principles and framework for changes or alternatives to be proposed by other parties.</p>	
<p>Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>SSEN Distribution are supportive of the proposal to fix the retrospective queue to support the goal of addressing the queue challenges and to ensure all customers in the connections queue are treated fairly.</p> <p>We are concerned about small and medium embedded users going through the primary process if DFTC is not codified and the principles acknowledged as part of the Connections Process to manage impact of unnecessary additional requirements. The impact for small and medium embedded connections projects is that the Primary Process may act as blocker to the timely and successful delivery of these projects. Therefore, if DFTC is not codified, it is our view that small and medium embedded users should be excluded from the primary process and clear allowances made for DNOs to manage their connection projects within the headroom/technical limits at the relevant GSPs.</p> <p>Where DFTC is codified (either in CUSC or Grid Code), we are supportive of small and medium embedded users going through the primary process/or being included as part of the scope for this primary process to be applied retrospectively. With the mindfulness of DNOs continuing to be able to retain the capability to manage the contracted connections within the headroom at the relevant connection points to support easiness and effectiveness of implementation of the change.</p> <p>We believe the principles of DFTC and TMO4+ need to be codified with clear process in place to reduce the risk of legal challenge, as we identified in question 2. We also believe an update should be made to DCUSA to define the requirement of the new processes.</p> <p>We understand the rationale for Large Embedded Generators going through the Primary process, and are overall supportive, although do remain concerned about:</p> <ul style="list-style-type: none"> - the impact on our North of Scotland region given the low threshold for 'Large' (10MW). - The allowances made as part of strategic network development and DFTC, where Large Embedded Generators may already have been included as part of the background. <p>We are also unclear on the reasons why Embedded Demand is not in scope for the proposed TMO4+ process when large demand has been included. This will create confusion around how embedded demand will be treated going forwards and what process it will follow.</p>	
<p>Element 5: Clarifying any Primary Process differences for customer groups (See pages 11-12,32)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>SSEN Distribution also agrees that Offshore Projects should be treated differently to onshore projects.</p>	

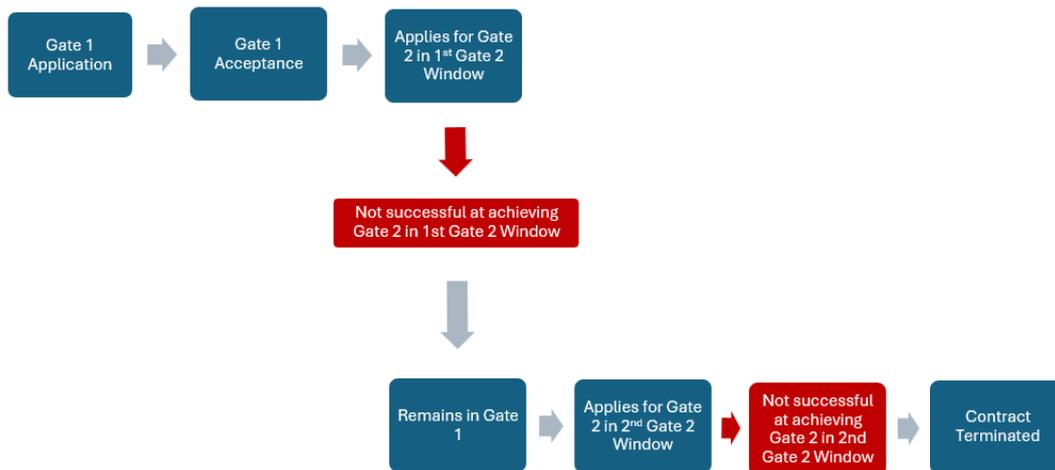
Element 8: Longstop Date for Gate 1 Agreements
 (See pages 12-13, 32-33)

Yes
 No

SSEN Distribution is supportive of introducing back stop dates into Gate 1 Agreements, however we have concerns that 3 years is too long for the longstop date and without the presence of a financial instrument at the Gate 1 stage there is a lack of incentive for projects to adequately progress. This could lead to an inflated view of the future connections queue and impact upon anticipatory investment decisions. We also have concerns that the longstop date can be extended by the ESO. CUSC connection agreements already contain a “backstop date” that is frequently ignored and arbitrarily moved back. We would question what controls and processes are in place to ensure the longstop date is not treated in the same way. The risk associated with the current approach is that the Gate 1 “queue” will be as big or bigger than the current queue, as of August 2024, due to the ease of entry and retention of the contract.

As an alternative to the proposed backstop date of 3 years, SSEN Distribution propose a link to the Gate 2 application windows. If a project does not move from Gate 1 to Gate 2 within the next two Gate 2 application cycles following acceptance of a Gate 1 offer, then that project should be terminated and must reapply.

We have illustrated our proposal in the below image, to help visualise the process we are suggesting.



SSEN Distribution would like to seek clarification from the ESO around whether a cool-off period applies following a project being rejected from compliance with Gate 2 criteria. If this leads to their Gate 1 offer being cancelled, can they automatically apply in the next window, or do they have to miss an application cycle.

Element 9: Project Designation (See pages 14-15, 33-34)

Yes
 No

SSEN Distribution are supportive of the introduction of Project Designation, however as noted on Element 6 of this paper, is imperative that there is a clear governance and control in place to ensure ESO are not placed in a position of power where only projects that are of interest to ESO are progressed at detriment of Distribution System projects that are supportive of the economic, efficient,

coordinated and resilient managed of the Distribution Network, delivery of Local Energy Plans, economic development of communities and decentralised (non-transmission) generation capability.

SSEN Distribution believe that it would be relevant to create the same connect of Project Designation at Distribution Level via DCUSA Code modification to ensure alignment and parity of treatment of connection projects across Transmission and Distribution, as ESO are only CUSC (transmission connections) code administrator.

This should then drive changes to the connections process at Distribution to once more ensure relevant gates and steps are used at Distribution to prevent Distribution Network Operators processes from being misaligned with Transmission.

The lack of clarity around what would be included in such a methodology highlights a risk to SSEN Distribution that this proposal could detrimentally impact distribution embedded users. We are also concerned that due to the detail being kept outside of the Code, users will not be given adequate opportunity to comment and provide alternative views. The criteria identified in the Proposal relating to critical to security of supply or system operation is incredibly subjective, and therefore leaves open the opportunity for users to be disadvantaged.

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 16-21, 34-39)

Yes
 No

SSEN Distribution are overall supportive of the criteria to demonstrate Gate 2 requirement compliance, however as noted above we don't believe Gate 2 goes far enough. We believe there should be allowance beyond the statement of HND and Interconnectors, and to the proposal needs to be mindful of future government led initiatives or policies, such as CP2030.

We support that Gate 2 should have defined criteria. We believe setting that criteria is vital to the reformed connections process working effectively.

However, we are concerned that the criteria suggested in the Proposal (which will not be codified, therefore there is still the opportunity to amend) is not strong enough to make a considerable impact on the current connections queue.

The criteria being proposed is too easy to achieve for developers, and still does not go far enough to show intent to connect. We struggle to support the proposed change to the calculation of the queue management milestones, as this has been developed to be reflective of the challenges to development of transmission and distribution projects when there is a dependency from transmission works. If and when transmission connection dates are improved dates for M2 will improve to be reflective of more demanding timescales.

We also believe the land requirements associated with building outside the land boundary seems to be over complicating the management of change. Developers should only lose capacity if a change to the red line boundary has an impact/constitutes a material change to the design/connection solution. Based on the proposal presented, we believe this is a proposal that will prove hard to police and one that could detrimentally impact projects unnecessarily when the actual connection solution and design doesn't change.

We agree that there should be minor differences for Offshore Wind, Offshore Hybrid Assets and Interconnectors to reflect the differing nature of these projects.

<p>We support that there should be ongoing compliance once a project has entered into a Gate 2 contract. This should be managed by queue management and that the M1 Queue Management milestone should be amended to be forward looking to incentivise developers to move towards connection promptly.</p>	
<p>Element 13: Gate 2 Criteria Evidence Assessment (See pages 22-23, 39-40)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>As highlighted in Element 11, SSEN Distribution has concerns that the information required to achieve Gate 2 is very low. We continue to support a review to raise the threshold a project will need to meet in order to meet Gate 2.</p> <p>Irrespective of that, we are supportive of the indicative Gate 2 Criteria Evidence, and are keen for this to be further developed to raise the threshold.</p> <p>We would also like to ensure the guidance around assessing the criteria is robust, to ensure consistency of application.</p> <p>We are in agreement that a template should be used relating to the Self-Declaration Letter, to enable ease of use for developers working across both Transmission and Distribution connections.</p>	
<p>Element 14: Gate 2 Offer and Project Site Location Change (See pages 23-24, 40-41)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>SSEN Distribution has significant concerns around the proposal that developers will be able to move their project site location closer to a connection point offers at Gate 2.</p> <p>We believe the introduction of this concept blurs the line on allowable changes, as in this proposal, the ESO will allow material changes when driven by the ESO, but material changes cannot be driven by the customers.</p> <p>It will be necessary to define the principles on why the ESO would propose a different site location, as we believe this is counterproductive to the purpose of delivering projects to meet Net Zero goals.</p> <p>We are also concerned about the impact a move of site location would have on DNOs, and we believe it is a requirement that this risk is assessed to show the impact on Large embedded generators and other DNO connection projects that are progressing in Gate 2, as this proposal could amend / risk the development and expenditure made to enable the distribution connection.</p> <p>This would also almost negate the requirement for red line boundary if it can be subject to change by ESO.</p> <p>This proposal goes against the ENA guidance on allowable changes which DNO's currently follow. If the ESO wishes this to remain in the proposal, it can only do so with a review of the ENA Allowable Changes policy to ensure embedded customers are not disproportionately impacted.</p> <p>We recognise and agree that all connection points to the network may differ for customers across GB, but we expect the ESO to have the relevant conversations with customers and DNOs to assess the impact of possible changes.</p>	

<p>Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (See pages 24-25, 41-42)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>SSEN Distribution support this element, but it must be made clear within the methodology how this will work for distribution customers.</p> <p>Distribution Network Operators have a role to play in the CNDM, as DNO's currently have individual network development strategies that are communicated to industry via Strategic Development Plans.</p> <p>We believe there is a requirement for a DCUSA modification to reflect the impact to Distribution Customers, to ensure the connection processes are aligned, and that projects can be triaged at the distribution level to avoid customers entering into unnecessary processes when the answer could be supplied on application to DNOs.</p>	
<p>Element 19: Contractual changes (See pages 26-28, 43-46)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>SSEN Distribution is overall supportive of applying Gate 2 criteria to the whole queue. This proposal will have the biggest overall effect on reducing the size of the queue and allowing those first ready, to connect to the electricity network.</p> <p>That being said, and relating to some of our earlier responses (question 2 and 3), we believe there is a significant risk of legal challenge with this proposal due to the insufficient time being given to customers to notify them of the changing of requirements, changes to their contract, and the conclusion and publication of the new code legal text, especially with the change to DNO contracts which are not a CUSC governed contract. We believe a cool off period is required due to the considerable numbers of projects which have been historically unable to progress in development due to the long lead times associated with transmission access.</p> <p>We are also unclear on the impact on spend to date by DNO's to ensure readiness of a connection, for projects which may lose capacity. We would like further guidance on how reporting shall be carried out to provide visibility of the projects which have progressed into Gate 2 and how many projects have been retained at Gate 1.</p> <p>We also do not believe it is clear on how the costs associated with this exercise shall be recovered. Will customers have to pay a fee for their connection applications to be reassessed due to changes in the transmission queue which will ultimately impact the proposed DNO solution, as well as DNO's network development plans.</p> <p>It is imperative that more time is dedicated to work through the detailed process to ensure all parties involved are aware of the impact to existing ways of working. Customers need to be well informed of how the change in process will be managed, and the timescales that this will be done within. Process mapping is vital, listing out the risks and responsibilities on all parties involved, and this should be developed alongside the code modification.</p>	
<p>Element 20: Cut Over arrangements (See page 28, 47)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Whilst we agree with the principles of the cut over arrangements, as per our response to question 2 of this consultation, we do not support the implementation plan and therefore cannot support the cut over arrangements beginning on the 7th of August 2024.</p>	

	<p>SSEN Distribution believe that DNO's must be included in discussions regarding cut over arrangements, as we will be the parties managing this new process for embedded generators. We believe if CMP435 is approved, the ESO must first fix the existing queue before introducing the process to new applications. Our visualisation of this is:</p> <ol style="list-style-type: none"> 1. 1st window is a looking back to existing contracted queue. 2. 2nd window for all new applications or those that weren't successful on window 1. <p>As mentioned throughout this response, we believe the timescales presented are not realistic and this needs to be worked through in detail between the ESO, TO's and DNOs. Once this has been worked through, we believe there needs to be better communications planned to update industry on the processes, timelines and impact of the proposed changes.</p>	
6	<p>Are there any elements of the proposed CMP435 solution - as per Q5 - which you believe are not appropriate to include when you consider how to most effectively implement TMO4+ to projects in the existing contracted background (as opposed to the process for new applicants via CMP434)? If yes, please provide supporting justification.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<p>No, we believe all elements proposed are required to effectively implement TMO4+ retrospectively.</p>	
7	<p>In relation to Q6, are there any features which you believe are missing in the proposed CMP435 solution that would more effectively facilitate implementation of TMO4+ to the existing contracted background. If yes, please provide details and justification.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>Yes, we believe there needs to be a clear directive from legislation, Ofgem or the Department for Energy Security and Net Zero to mitigate the risk of legal challenge.</p>	
8	<p>Do you believe any groups of projects should be exempt from the scope of CMP435 or from some elements of the proposed solution? If so, please advise on which groups and elements and provide rationale to why.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<p>No, we do not believe any groups should be exempt from the proposal.</p>	
9	<p>Do you believe that the proposed solution could duly or unduly discriminate against any particular types of projects? If so, do you believe this is justified?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<p>No, we do not believe any projects are duly or unduly discriminated against.</p>	