

National Energy System Operator
Faraday House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA

By email:
cusc.team@nationalenergyso.com

Attn: Code Administrator

26 November 2024

Dear Code Administrator,

CMP434 Implementing Connections Reform Code Administrator Consultation

SP Energy Networks (SPEN) represents the distribution licensees of SP Distribution plc (SPD) and SP Manweb plc (SPM) and the transmission licensee, SP Transmission plc (SPT). We own and operate the electricity distribution networks in the Central Belt and South of Scotland (SPD), and Merseyside and North Wales (SPM). We also own and maintain the electricity transmission network in Central and South Scotland (SPT). As an owner of both transmission and distribution network assets, we are subject to the RIIO price control framework and must ensure that we develop an economic, efficient and coordinated onshore electricity system.

This letter represents SPEN's CMP434 Code Administrator Consultation response and provides our views from both a transmission and distribution network operator perspective, with respect to the developing Connection Reform proposals.

Firstly, whilst we support the urgent nature of the Connections Reform proposals, the number of consultations and the window to allow stakeholders the opportunity to review and respond to this important consultation exercise has been challenging. Particularly for network operators across industry who are already under significant pressure due to the extensive Connections Reform programme and continuing to process high volumes of connections applications and mod-apps. Whilst we are fully supportive of the urgent need for connections reform, we need to be able to execute these reforms to timelines which are mindful of colleagues' workloads and wellbeing, across all parties involved. This principle will also be important as the NESO and network operators seek to introduce these new processes next year. Therefore, we have prioritised our responses within this consultation exercise and do not feel sufficient time has been given for us to accomplish Ofgem and NESO's objective of considering this and the other consultations as a complete package.

This letter includes our full response to the CMP434 Code Administrator Consultation. Question 1 sets out our assessment of the proposed solutions against the Applicable Objects and includes an evaluation of our assessment. Question 2 states our preferred solution being the Original or WACM 1. In Question 3 we go on to highlight the challenges we see with the implementation approach and finally Question 4 we raise additional comments regarding the process and it's interaction with the wider reform program. Question 4 also includes specific comments on the Original Proposal and WACM 1's legal text.

1. Please provide your assessment for the proposed solutions against the Applicable Objectives?

SPEN Assessment of each proposal against the applicable CUSC objectives.	CUSC non-charging objectives			
	(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	(d) Promoting efficiency in the implementation and administration of the CUSC arrangements
Original	Yes	Yes	Neutral	Yes
WACM 1	Yes	Yes	Neutral	Yes
WACM 2	Yes	Yes	Neutral	No
WACM 3	Yes	Yes	Neutral	Neutral
WACM 4	No	Yes	Neutral	No
WACM 5	No	No	Neutral	No
WACM 6	Yes	Yes	Neutral	No
WACM 7	Yes	Yes	Neutral	No

SPEN are strongly supportive of the need for Connections Reform and the objectives to be addressed by TMO4+ and alignment to Clean Power 2030 (CP30). The proposals set within CMP434 will introduce a gated process, with a batched network design, which will allow projects to be prioritised based on readiness. This will facilitate the design of a more coordinated system and potentially free up network capacity for projects proven to be progressing, helping to deliver CP30 and Net Zero ambitions.

The proposals aim to address two main issues: the need for quicker connections and a more coordinated and efficient network design. Firstly, quicker connections must be set in the context of the wider connections reform programme, where the most significant benefits to connection timescales are likely through the implementation of CMP435 and the alignment of connections with CP30 pathways. Combined these will significantly reduce the queue and introduce the higher barriers to entry required. However, given the constrained nature of SPT/SPD’s network, we anticipate that most connections will remain behind necessary reinforcement works, limiting any shortening of connection timelines.

While CMP434 introduces the gated process and concept of Gate 2, the ongoing ability of CMP434 to facilitate quicker connections will be through: coordinated connection design as part of an application window, future alignment with CSNP and SSEP, the inclusion of anticipatory investment and the facilitation of competition in Transmission Infrastructure through advanced planning and clearer definitions in scope. We will address each of these points in our responses below.

CMP434 is a Minimum Viable Product (MVP) proposal which includes only the essential elements required from day one. The existing connections process will remain for some Modification Applications (excluding those which are ‘significant’, now called ‘Gated Modification’ applications), with the new gated process applying to almost all other applications. This necessitates changes to connection offer timescales, updates to DNO and iDNO processes and consequential changes to connection agreements (resulting from the creation of Gate 1 status). The proposal also introduces the three Methodologies: Gate

2 Criteria, Project Designation and Connections Network Design Methodology, each of which we address within our response to the Methodology consultations.

SPEN believe the Original proposal positively facilitates the applicable CUSC objectives (a), (b) and (d), through introducing the architecture for a gated process which enables higher barriers to entry, allocation of capacity for those projects most able to progress, greater coordination in network design and necessitates further efficiencies within NESO and network operator's connections processes.

The proposed Workgroup Alternative Code Modifications (WACMs) represent additions to the original proposal, as opposed to entirely new proposals. However, there are some we do not feel can be considered to better facilitate the applicable CUSC objectives overall within the context of the MVP and Clean Power 2030. We set out our full analysis of each proposal below.

1.1. Original Proposal

SPEN are strongly supportive of Connections Reform and the proposals within CMP434. SPEN consider the original proposal to align with the applicable objectives and be positive relative to (a), (b) and (d). Building on our workgroup consultation response, we set out our reasoning below, including each Element where we feel it best supports a particular objective.

Objective A - The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence. [Positive]

The proposal will introduce a gated process, with a batched network design, that will allow projects to be prioritised based on readiness. This will facilitate the design of a more coordinated system and potentially free up network capacity for projects proven to be progressing, helping to deliver Clean Power 2030 and Net Zero ambitions.

Element 1 – Methodologies

SPEN remain supportive of the Methodologies sitting outside of the codes with the requirement that they are consulted upon and approved by the Authority. They add flexibility to the TMO4+ arrangements where it remains uncertain what unintended consequences and behaviours reform could drive. It also brings further clarity to the connections process for all stakeholders. However, this is only possible where there is a clear split between the role of the Codes and the Methodologies.

We consider it important that the Methodologies are given time to support the process, and that future updates and consultations are aligned with the application windows. It will also be important to be clear on which versions of the Methodologies apply to each window.

Element 16 – CNDM

SPEN are supportive of the introduction of the Connections Network Design Methodology to aid alignment and consistency between the NESO and TOs.

We stated in our workgroup consultation response that we expected any obligations we have, to maintain and adhere to the CNDM to be within the NESO's licence but not the TOs, with any obligation on the TOs sitting within the STC. We note that Ofgem have indicated

that the TO's licence will be updated to include an obligation to have, maintain and adhere to the CNDM, alongside updated licence timescales.

Element 15 – Changing Licence Timescales

A change to Licence timescales is required to align with the gated process for NESO, TOs and potentially DNOs.

Element 2 – Annual Application Window

We are supportive of the annual application window provided the planning processes and any future role for anticipatory investment can be aligned with the forthcoming Centralised Strategic Network Plan (CSNP) and the Strategic Spatial Energy Plan (SSEP).

Objective 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. [Positive]

This proposal introduces the architecture for the reformed connections process, with the aspects which will have most impact on competition largely sitting outside the code within the Methodologies. The proposal contributes to facilitating effective competition through the introduction of the gated process.

Element 3 – Projects which go through the Primary Process (specifically Demand Projects)

And

Element 4 – Significant Modification Applications

SPEN remain comfortable with the groups of customers which go through the primary process. However, we must highlight our nervousness on the proposed application of the reformed process to demand projects. The growing trend is for BESS projects to change to demand connections (in the form of data centres or electrolysis) due to the saturation of the BESS market, growing demand for data, machine learning and AI applications and now the potential introduction of significant BESS capacity caps as part of connections alignment with CP30. The proposals as they stand do very little to discourage this change. Going forward such fundamental technology changes must be considered a Gated Modification Application, with projects joining the back of the queue.

Element 11 – Gate 2 and QM Milestones

In our workgroup consultation response, we raised several concerns with respect to the Gate 2 criteria being too low. These aspects will be addressed in our response to the Gate 2 Criteria Methodology consultation. We do not feel the updated proposals under CMP434 fully resolve these issues. These include:

- The Gate 2 criteria being too low will be addressed through connections alignment with CP30 technology caps, which is a welcome development.
- However, the Gate 2 criteria being based solely on land will only partly be addressed through CP30 connections alignment. The proposals still promote a rush for land prior to confirmation of the technology caps, some of which is in the immediate vicinity to our strategic substations, hindering our ability to deliver future connections.

- The proposals do not address BESS projects which have acquired this land potentially changing to demand connection projects, which is a growing trend that we are seeing.

Element 9 - Project Designation

SPEN support NESO as the system operator in having appropriate powers to designate projects and prioritise queue position where there are benefits to the operation of the network or wider GB economy. The project designation categories should effectively facilitate competition in the supply and generation of electricity where the market has not been able to deliver an appropriate solution in time. This will be necessary for supporting the development of a network fit for Net Zero.

Element 10 – PoC and Capacity Reservation

SPEN are supportive of the NESO's intention to reserve network access where it will ensure the security of supply or operation of the network. This will be necessary for supporting the development of a network fit for Net Zero.

However, we would expect the NESO to be engaging and fully consulting with the relevant TOs, well in advance of taking any decisions on connection point and capacity reservation, and competitions for the procurement of network services. Effective implementation of the NESO's Reservation powers under CMP434 and successful mitigation of network issues are best addressed by the relevant TOs and NESO identifying and engaging on network issues at the earliest possible opportunity. Lesson's must be learnt from the previous Stability Pathfinder 2 exercise where TOs weren't involved in the development and scope of the required network solutions, which has unfortunately resulted in many challenging network issues that have had to be addressed in the connection and delivery of the successful Stability Pathfinder 2 projects.

Furthermore, the inclusion of Competitively Appointed Transmission Owners risks the TOs ability to deliver actual customers connections where bays or capacity on the transmission network are reserved or dependent on another party to deliver that capacity, as emphasised by the [Network Commissioner's recommendations](#). As per our previous consultation responses, SPEN continues to hold the view that CATOs fall out of the scope of this code reform exercise as they are not facilitating customer connections.

Objective C - Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. [Neutral]

No comment.

Objective D - Promoting efficiency in the implementation and administration of the CUSC arrangements. [Positive]

The introduction of a gated process, with a batched network design, will facilitate the allocation of capacity to those projects most ready to proceed and should generate efficiencies in the identification of shared connection assets. Higher barriers to entry will allow network operators to focus on projects most ready to proceed. A move from a

continuous to batched application and offer process will necessitate the development of further efficiencies in the NESO and Network's organisations.

Element 1 – Methodologies

Please refer to our discussion under Objective A above. We feel the introduction of the Methodologies brings required flexibility and clarity to the connections process.

Element 5 – Clarifying any Primary Process differences for customer groups.

SPEN appreciate the clarity provided in relation to the differences in the Primary Process for:

- Large Embedded Generators requesting a Gate 1 offer
- Large Embedded Generators requesting a Gate 2 offer
- Relevant Embedded Small/Medium Power Stations requesting a BEGA
- Relevant Embedded Small/Medium Power Stations
- Offshore Projects

Given the potential number of Gate 2 applications, and the checking of Gate 2 criteria for Relevant Small/Medium Power Stations, SPEN would be supportive if these applications could be submitted prior to the Gate 2 window opening, however, not assessed until the Gate 2 window opened.

Element 18 – Set out the process for how DNOs and transmission connected iDNOs notify NESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2 criteria

SPEN are supportive of the process of how DNOs notify the ESO of Relevant Embedded Small or Medium Power Stations which meet the Gate 2 criteria. As mentioned above in Element 5 SPEN would be supportive of allowing the submission of Gate 2 applications from DNOs and iDNOs prior to the Gate 2 window opening. We expect this to be included within the scope of the Implementation Hub working groups.

Element 7 – Dispute and Gate 2 Criteria checks

The finalisation of the legal text has clarified the NESO position that:

- Projects in dispute prior to the start of the Gated Design Process will not be included.
- Projects disputing a result of the NESO's detailed checks during the Gated Design Process will be withdrawn and the NESO will notify the TO of their withdrawal and non-compliance.
- Small/Medium Embedded projects disputing the results of the DNOs initial checks will not be submitted to NESO for inclusion in the Gated Design Process and can only be submitted at the next Gate 2 window.
- Small/Medium Embedded projects disputing the results of the DNOs detailed checks will be withdrawn by NESO from inclusion in the Gated Design Process and can only be submitted at the next Gate 2 window. In the case of a batched Transmission Evaluation, one or more projects being withdrawn will be deemed a change to that application. (We note that it is some DNO's intention to complete

these checks prior to submission of their application to the NESO due to the impact on their data submission).

SPEN are supportive of this approach, as it is the fairest way to deal with projects who are not fully compliant with the requirements of the process. It also acts as a disincentive to projects submitting late and/or substandard applications; however, we do need to recognise the potential for legal challenge.

Element 13 – Gate 2 Evidence Assessment

SPEN wish to highlight the significance of the execution of Gate 2 evidence checks from the perspective of the TOs and DNOs. NESO will undertake initial checks as part of the application process prior to the gated network design exercise and then detailed checks and duplication checks during the gated network design exercise. DNOs will undertake the detailed checks for embedded projects, with NESO undertaking duplication checks.

For the TO, the detailed checks being undertaken in parallel with the Gated Design Process risk projects being found to be non-compliant too late in the process, with projects behind them in the queue being given a worse connection offer (potentially both in terms of date and enabling works) than they otherwise would have got at first asking. This would almost certainly trigger a Capacity Reallocation process. We appreciate the NESO's approach is a pragmatic one and given the NESO commitment to use best endeavours to check up to 100% of the Gate 2 evidence and report on their progress this should act as a suitable deterrent and minimise the potential for this outcome. Any incentives, penalties or KPIs Ofgem place on TOs related to timelier connections will need to be mindful of this limitation.

For embedded projects, undertaking the checks rests with the DNO and therefore puts the risk on the DNO rather than NESO, and will also require additional resources to undertake the required activities.

1.2. WACM 1

The intention behind WACM 1 was to clarify which embedded schemes would follow the primary process. The NESO intention under CMP434 was that all small and medium power stations will get a full (Gate 2 offer) via the primary/gated process. Any request for an Appendix G remains a modification application which sits outside the gated process.

Within the workgroup discussions SPT clarified the lower threshold of 200kW (export) for South Scotland within Section 11 'Category 1 Embedded Power Station' and the redrafted clause 6.5.1(b). There was limited time for review and debate of the legal text associated with this WACM, therefore for the avoidance of doubt we will clarify our position on the lower threshold here.

SPD currently derogate themselves from [ENA EREC G99](#), where the requirement is to pass for assessment anything >16A per phase (>3.68kW per phase). To the benefit of our customers, SPEN have internally agreed a 200kW (export) threshold above which an embedded generator would be subject to an evaluation of their impact on the National Electricity Transmission System. This is currently applicable at all but a few of SPD's 81 GSPs. The discussion and clarification within the legal text was to ensure that exceptions to this limit could still be facilitated by SPEN to the benefit of network operation and security of supply. Where SPEN have identified fault level issues, or the capacity of generation

connected at a GSP is excessive, SPEN will revert to the default threshold of 16A per phase. This is addressed within clause 6.5.1(b) and is entirely consistent with current practice. For England and Wales, a similar exception already existed within Schedule 2 Exhibit 1A, which referred to clause 6.5.1(b).

This WACM also introduced changes to the definitions of Relevant Small and Medium Power Stations into the legal text to simplify the legal text with a view to providing clarity to the reader. Our general point that the legal text has been drafted under tight timescales, with no thorough review and discussion, risking errors and unintended consequences, is particularly pertinent here. Given the intense period of consultation, it may not be possible for any one party to undertake a thorough review of this legal text.

SPEN are supportive of the intent of this WACM as providing clarity for customers and DNOs on the application process for connections applications and believe it will enhance the efficiency of the process.

1.3. WACM 2

The intention of WACM 2 was to place an obligation on the DNO's to ensure 'all' applications received within the application window are submitted to the NESO for inclusion in that window's Gated Design Process. This is instead of a 'best endeavours' approach.

SPEN regard the absolute requirement of 'all' to place an unrealistic expectation on the DNOs, which could include the submission of relatively late and complex applications within the window. This could have unintended consequences, with knock on effects for the NESO and TOs. It does not promote efficiency in the implementation and administration of the CUSC arrangements and we strongly feel pragmatic approaches must be considered first. Therefore, SPEN do not consider this a realistic proposal.

Furthermore, the introduction of application windows, the 'best endeavours' approach and the inclusion of all relevant small/medium power stations within the primary process will drive improvements in consistency between DNOs and a reduction in the longest end-to-end times for embedded offers to be processed.

1.4. WACM 3

The intention of WACM 3 was to only allow capacity to be reallocated to the next available Gate 2 project, not utilised by the NESO for the purposes of Project Designation or Capacity Reservation. The Connections Network Design Methodology currently shows Designation Projects being given priority within the Capacity Reallocation process.

SPT are sympathetic to the intent of this WACM, due to NESO's detailed Gate 2 Criteria checks compromising our ability to issue the best possible connection offer to a customer on first asking, if a project ahead of them is found to be non-compliant, as NESO's detailed Gate 2 criteria and duplication checks will be carried out in parallel with the Gated Design Process. Whether the TO can account for any projects which fail to be Gate 2 compliant is unknown and given the challenging timescales associated with the Gated Design Process there will be no time for rework. Therefore, this will trigger the Capacity Reallocation process. From a customer perspective, those projects which missed out on a better

connection offer due to the non-compliance of a project ahead of them in the queue, should have that opportunity to secure that better connection offer.

SPEN question whether the proposed WACM is the most efficient implementation of the process as it adds complexity to the already complex queue formation process within the CNDM. However, it would also act as an incentive for the NESO to ensure plans and competitions associated with Security of Supply, system operation and the relief of network constraints are thoroughly planned for in advance, without the fallback offered by the capacity reallocation process. Therefore, we are neutral on whether this proposal promotes efficiency in the implementation and administration of the CUSC arrangements (Objective D).

1.5. WACM 4

WACM 4 codifies proposed restriction on the Red Line Boundary. As a TO, which delivers points of connections on our customers' sites, we do not consider this proposal to have significant impacts on our operations.

However, we do support the development of the Gate 2 Criteria Methodology which will sit outside of the codes and provide the flexibility to refine the gated connections process on an ongoing basis. It also provides additional clarity for stakeholders. The proposed WACM risks fragmenting the proposed separation of Methodologies and Codes, undermining this clarity.

Therefore, we consider codification of aspects of the Methodologies to have a negative impact on the NESO's ability to efficiently discharge their licence obligations (Objective A) and that it does not promote efficiency in the implementation and administration of the CUSC arrangements (Objective D).

1.6. WACM 5

WACM 5 seeks to remove Project Designation from the legal text. The Project Designation Methodology states it is required to, and will only be used to, designate projects in one or more of the following categories:

- Critical to Security of Supply;
- Critical to System Operation;
- Materially reduce system and/or network constraints;
- New and/or highly innovative technologies;
- Projects with very long lead time.

SPEN believe that in the context of the Clean Power 2030 plan and the need for the development of a Net Zero compliant network at pace, there is a needed role for Project Designation.

SPT would highlight our experience with the Stability Pathfinder 2 process where the requirements to ensure security of supply and system operation were poorly defined, not

agreed with the relevant TOs in advance and left open to the results of a competitive process. This process was improved for NGET's Stability Pathfinder 3 process which resulted in the relevant clause within the STCPs, which the NESO is now broadening in scope as part of this proposal.

Therefore, we are supportive of a Project Designation approach where it is carried out in collaboration with the relevant TO. It is required for the development of an efficient, economic, and coordinated system at pace, which is compliant with Net Zero. As a result, we consider its removal within CMP434 to negatively impact on NESOs ability to discharge its obligation within the Transmission Licence (Objective A), the facilitation of effective competition (Objective B) and in promoting efficiency in the implementation and administration of the CUSC arrangements (Objective D).

1.7. WACM 6

WACM 6 places an obligation on the NESO to review the Methodologies and Guidance 18 months after the implementation date and bring them to a CUSC Standing Group (and the equivalent STC Group) to consider if they should be enshrined in the codes.

SPEN consider this proposal to be unnecessary within the context of CMP434's Minimum Viable Product and the expected obligations on NESO to review and consult on the Methodologies annually. At which point any party can raise a code modification under open Governance.

We also feel that the proposed 18-month timetable for review undermines the intention of the Methodologies to bring flexibility to the process, particularly within the early years of TMO4+. We note that extensive guidance sitting outside of the codes is common in other areas, such as the Balancing and Settlements Code.

As an unnecessary provision within the proposals, we do not feel this WACM promotes efficiency in the implementation and administration of the CUSC arrangements (Objective D).

1.8. WACM 7

WACM 7 looks to introduce a pause for NESO to publish a new capacity register prior to the Gated Design Process, to allow applicants to consider their application's relative position in the queue and for the market to self-regulate. Whilst we support this concept in the context of CMP435, we feel it is entirely unnecessary during the application windows of CMP434.

Market information is already available through the TEC and embedded registers (for Scotland) and land and planning registers to allow a project planning status to be confirmed. In addition, NESO as part of these reforms is collating a significant amount of open data as part of Connections 360. Furthermore, through reform the NESO will already commit to publish the outcome of each application window and in the context of CP30 alignment provide additional information to enhance the value of a Gate 1 agreement. Thus, SPEN feel parties should take a decision to apply prior to the window and not tie up NESO, TO and DNO resources during the already challenging timescales associated with the application window.

WACM 7 should not be part of the Minimum Viable Product under CMP434 and the provision of additional information should be facilitated through those processes originally proposed under reform. It does not promote efficiency in the implementation and administration of the CUSC arrangements (Objective D). We would consider this to be better facilitated through the enhancement of data provision and the consideration of Target Model Add-on B (enhancements to pre-application) originally proposed under Connection Reform Final Recommendations.

2. Do you have a preferred proposed solution?

SPEN believe both the original and WACM1 (subject to confirmation of the legal text) best meets the applicable CUSC objectives (a, b and d).

3. Do you support the proposed implementation approach?

The implementation approach for CMP434 is closely tied to the implementation of wider reform proposals, in particular CMP435 and connections alignment with Clean Power 2030 (CP30). The Authority will decide on these proposals in Q1 2025, with implementation to follow in Q2 2025. NESO will confirm the timing of both the Gate 2 to Whole Queue exercise (under CMP435) and the subsequent first Application Window (under CMP434) with no less than four weeks' notice. In addition, the NESO plan on publishing a 'timetable' for the application window process which, as well as informing stakeholders of the plans, will include key dates relevant to the CUSC and STC legal texts.

NESO has initiated the 'Implementation Hub' in which NESO, TOs and DNOs will coordinate and align the implementation of the reform proposals within our organisations. SPEN is strongly supportive of this development.

The proposals under CMP435, to apply the Gate 2 criteria and now CP30 pathways to the existing queue, we feel is a necessary initial step laying the foundation for the ongoing connections process under CMP434. However, CMP434 introduces the architecture on which the other reform proposals are built on and so we cannot pause implementation of CMP434 because of prioritising CMP435. CMP435 represents a significant, and what we consider to be one-off, intervention to address the excessive connections queue.

We evaluate the implementation approach for CMP434 below. For a discussion on the implementation approach for CMP435 and alignment of connections to CP30 please refer to our other consultation responses.

3.1. Evaluation of the Implementation Approach

The implementation approach as outlined in the workgroup report is inadequate for a proposal of this size and significance. However, as a network owner and operator we are strongly supportive of NESO's Implementation Hub which must urgently address this issue.

The details, as set out in the workgroup report, include an Authority decision date of Q1 2025 and an implementation date of Q2 2025. In addition, the recent [DESNZ and Ofgem Open Letter](#) confirms Governments desire for initial offers, under CMP435 if approved, to be issued to customers as early as possible, but no later than the end of 2025. In the context of this request and the significant workload on NESO, TOs, DNOs and stakeholders in developing the proposals to date, we would urge Ofgem to confirm their expected decision date and subsequent decision as early as possible.

In taking their decision the Authority must be mindful of the NESO, TOs and DNOs implementation plans and not unduly undermine that preparation, either in the timing of implementation or their proposal. In addition, adequate time is required for stakeholders to understand the decision and prepare. Both are required to ensure the best possible chance of complying with the Government's proposed timeline.

In as little as four months, between the end of this period of intense consultation and the Authority decision date, the NESO and network companies will need to overhaul and align their systems and processes to prepare for a move from a continuous application process to one which is gated, and the undertaking of the largest and most significant network design exercise undertaken in GB. The activities to be undertaken include (but are not limited to):

- mapping the process and drafting of the necessary STCPs,

- data management,
- and reviewing existing security profiles.

The size and complexity of this exercise should not be underestimated.

CMP434 and associated STC modification, CM095, have now progressed to Code Administrator Consultation without considering the associated STCP as planned. The proposals introduced within CMP434 and CM095 do not address current challenges associated with the number and complexity of connections applications. This includes significant administrative burdens on NESO, with avoidable yet material knock-on effects for the TOs, and excessive workload to unrealistic licence timescales. We consider the development of a comprehensive and progressive process (progressive as in one which places pragmatic, yet material obligations on NESO) necessary to enable the operation of the applications windows and Gated Design Process. We expand on the key points in our consultation response to CM095.

Implementation of the CMP434 and CM095 proposals is entirely dependent on Licence changes and the approvals of the Methodologies (specifically Connections Network Design Methodology and the Project Designation Methodology for CM095). At this time we are still waiting on details of the proposed TO Licence changes. From workgroup discussions we understand these will primarily be on connection offer timescales and the inclusion of the CNDM. As per our workgroup consultation response, SPT's expectation is that the obligation on the TOs with respect to the CNDM would have been included within the STC and not our licence.

Furthermore, the implementation of CMP434 must be mindful of the risk that the pause for the Gate 2 to the Whole Queue Exercise in 2025 creates a wave of applications in the first application window. This will stress teams, new processes, and procedures. Therefore, the agreed timelines and tasks must be stress tested and evidence based in advance. (We would also anticipate a similar wave of application following changes to the proposals in future, such as the confirmation of SSEP and the lengthening of CP30 time horizon beyond 2035).

The successful implementation of this proposal will only be possible if critical resource within the TO's and DNO's connections teams are freed from the ongoing workload associated with the processing of new connections applications and modified applications (mod-apps). Instead, network operators need sufficient time to allow for the design, implementation, and training required for the new processes and procedures. The 'transitional arrangements' for Connections Reform have been challenging and protracted, with NESO and Ofgem not aligned on what must be done to allow implementation of these proposals. We are still waiting at the time of submission for clarity on the 'transitional arrangements' for embedded projects. SPEN strongly supports a pause of the current connections process for directly connected and embedded connection applications as well as mod-apps to be introduced as quickly as possible to aid the successful implementation of these proposals.

For these reasons and the anticipated workload associated with undertaking CMP435's Gate 2 to the Whole Queue exercise to incredibly challenging timescales, SPEN will strongly oppose the introduction of the first application window under CMP434 in 2025.

Finally, we would like to emphasise a need, now more than ever, for a clear and coordinated programme that Ofgem, NESO and network companies can agree upon to facilitate the

successful implementation of this proposal. We will support NESO's 'Implementation Hub' in this mission.

4. Do you have any other comments?

Firstly, we would like to thank NESO's SMEs and Code Administrators for facilitating what has been a long and challenging urgent code modification process. They have done an excellent job to develop and deliver these proposals whilst taking on board the comments and suggestions of workgroup members and industry through consultation.

However, CMP434 (and its interaction with CMP435) are a complex set of proposals which have been drafted into legal text under tight timescales and with no thorough review and discussion. Therefore, there is a risk of errors and unintended consequences. This intense period of consultation, covering at least ten large documents with responses to standard timescales, is unlikely to catch and highlight specific issues.

Furthermore, whilst we understand the need for the NESO and Ofgem's connections reform and CP30 consultations and publications to be open in parallel to provide stakeholders with the full scope of the proposals, we consider the NESO and Ofgem's insistence in keeping to standard consultation timescales to undermine this aim. The consultations are complex and extensive proposals which will take significant time and resource to understand and be able to provide a well-considered response. Even for those who are familiar with these proposals, the timelines are challenging. Whilst supportive of the urgent need for these reforms, we are mindful of our colleagues' workloads and wellbeing, across all parties involved. A principle which will be important when we work to implement these proposals next year.

Implementation of the proposals will also require significant resource for the DNOs given that they will be responsible for all Gate 2 checks, CP30 alignment and a distribution network design assurance that would enable advancement requests, all whilst meeting the NESO timescales. The additional risk on DNOs should also not be underestimated, especially in relation to legal challenges.

CMP434 brings in the gated process, moving away from a continuous application process to one which is batched. The NESO have argued that this batching of applications will enable quicker connections and reduce costs through a coordinated connection design exercise, future alignment with CSNP and SSEP, the inclusion of anticipatory investment and the facilitation of competition in Transmission Infrastructure through advanced planning and clearer definitions in scope.

NESO cite the Holistic Network Design (HND) and the Offshore Coordination process as saving billions. However, the key change here was the aggregation of radial connections to offshore sites which increased the amount of shared infrastructure. Whilst CMP434's application windows will facilitate coordination there has been no impact assessment on the CMP434 proposals as to whether this will be meaningful coordination relative to what can be achieved now and in the context of Scottish TOs already providing shared connection infrastructure.

Where there are issues with regards to Security of Supply, System Operation and opportunities to materially reduce system and/or network constraints, we would expect the NESO to be engaging and fully consulting with the relevant TOs, well in advance of taking any decisions on connection point and capacity reservation and competitions for the procurement of network services. Effective implementation of the NESOs Reservation powers under CMP434, any subsequent use of this methodology and successful mitigation of network issues are best addressed by the relevant TOs and NESO identifying and engaging on network issues at the earliest possible opportunity. Lesson's must be learnt

from the previous Stability Pathfinder 2 exercise where TOs' weren't involved in the development and scope of the required network solutions, which has unfortunately resulted in many challenging network issues that have had to be addressed in the connection and delivery of the successful Stability Pathfinder 2 projects.

On the facilitation of competition in Transmission Infrastructure, the [Electricity Networks Commissioner's recommendations](#) state: "Contestable provision of all strategic transmission assets looks an unlikely route to success, at least in the medium term... the strong presumption should be that the TOs must deliver the majority of these upgrades, at least in the next ten years". To allow the TOs to plan, invest, procure, and deliver at pace to meet Net Zero targets certainty must be provided by this proposal.

We understand that licence changes are likely to be required and that Ofgem intends to consult on these in due course. We note too that licence changes are outwith NESO's powers and beyond the scope of this consultation. However, we would caution that it would not be appropriate to bring CMP434 and CMP435 into effect until either:

(a) NESO has demonstrated that the proposed changes are compatible with current licence requirements or

(b) Ofgem has consulted on and effected any changes required.

Currently, we would raise the following non-exhaustive list of potential issues:

- The various licence conditions noted in Ofgem's letter of comfort of 21 August, temporarily relieving NESO/TOs from providing certain information in the connection offers (this will need updated to reflect the ISOP licence)
- Prohibition on engaging in preferential treatment (as we foresee potential challenges that the reformed process could accelerate grid connections for some classes of users). (This may also affect DNOs if the expectation is that they will reject applications that do not meet the new criteria.)
- Various incentives – including incentives around timely connections will need to be reconsidered.

Finally, in developing TMO4+ and the associated proposal under CMP434 the NESO have taken the Minimum Viable Product approach. Connections Reform identified several Target Model Add-ons which we still consider as beneficial to the connections process, such as improvements to pre-application meetings, the structure to application fees and improving access to self-service tools. We would urge NESO to review and consider how these can be incorporated into the connections process at the earliest opportunity. It will also be important to continue to monitor and review the reformed connections process to ensure issues are identified and resolved at the earliest opportunity.

4.1. Legal Text Comments

Proposal	Reference	Comment
Original	17.5.6	Is the correct reference '17.5.4 and 17.5.5' not '17.5.4 and 17.5.6'?
		Also stray '(' after (b).
Original	17.6.3	“)” should appear after “subsequently” rather than “a”
Original	17.6.8	Defined term should be "Distribution EG Related Application"
Original	17.6.10	Projects progressing from Gate 1 to Gate 2 will be considered a Gated Modification Application. As this is the first time the TO will be receiving the application the fees associated with this Gated Modification Application will need to align with the standard application fee. Therefore, this drafting of the CUSC legal text will require an update to the structure of SPT's application fees.
Original	17.6.6 and 17.7.1	A Gate 2 application for a large BEGA or BELLA require both the DNO's application and the BEGA application to be competent in the same window. We do not feel this clause is clear or account for the time required for DNO's to submit the corresponding application within the same window. The process will need to be clear on the ongoing status of the large BEGA or BELLA application if the DNO has not been given sufficient time to submit the corresponding application within the same window.
Original	17.10.5	Where a project which is part of a Transmission Evaluation from a DNO/iDNO is found to not meet the Gate 2 criteria as part of the detailed checks undertaken in parallel with the Gated Design Process this application will be updated by NESO. We want to highlight that there is no requirement within the STC for the TO to update or rework this application once notified by NESO. We strongly feel this is correct given the challenging timescales associated with the Gated Design Process and the fact the TO could be notified at anytime. TOs would continue to process the original application, and those behind it in the queue, based on the original capacity requested.
WACM1	6.5.1(b)	The original exception for England and Wales within Schedule 2 Exhibit 1A pointed to clause 6.5.1(b). In updating clause 6.5.1(b) to include an exception for South Scotland the exception for England and Wales has been remove, which we do not feel was the intention. For ease of readability (and to allow the previous wording to be restored if needed) the wording could be simplified by moving it to the definition of "Category 1 Embedded Power Station" so that it reads:

“Category 1 Embedded Power Station”	an Embedded Power Station categorised as Category 1 in accordance with the table below;	
	England and Wales	1MW up to 100MW
	Southern Scotland	200kW up to 30MW <200kW at the discretion of the operator of the Distribution System within its area
	Northern Scotland	200kW up to 10MW with the lower threshold at 50kW on the islands within its area

Original 6.9.3.5 If 6.9.3.5 is a new section heading should this be 6.9.4?

Thank you for the opportunity to respond to this Code Administrator Consultation. Please do not hesitate to contact me if you require any further information on any of our consultation responses.

Yours sincerely,



Dr Allan Love

Lead Commercial Adviser,
Transmission Commercial and Policy,
SP Energy Networks