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Connections Reform

Consultation Response Proforma

Your feedback is important to this process. Please take this opportunity to provide any feedback that you may have. To aid your response, each question is linked back to the relevant document for ease of reference.

Please provide your feedback using this Proforma and sending an electronic copy to **box.connectionsreform@nationalenergyso.com** by **5pm** on the closing date of **2nd December 2024**.

We encourage early submission ahead of the deadline where possible to aid the processing of responses.

Respondent Details	
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Which category 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
Is this response confidential?	<input type="checkbox"/> Yes – I do not wish for this response to be shared publicly; however I understand it will be shared with Ofgem <input checked="" type="checkbox"/> No – I am happy for my response to be available publicly

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Section 1 – Policy

You can find the relevant information in the **Great Britain's Connections Reform: Overview Document**

1. Do you agree with our intention to align the connections process to Government's Clean Power 2030 Action Plan?

You can find the relevant information in **Section 2 – Context**

Clean Power 2030 is an ambitious plan to deliver much-needed transformational changes in the energy industry, and especially so for electricity. The ability to make new connections to the electricity grid is currently severely constrained, and the connections process in its present form would jeopardise the ability to deliver CP30.

Reforms are therefore badly needed, and significant progress has been made on them this year, involving much time and effort from across the industry. By tweaking the TMO4+ model to align with CP30 now, and taking it forward via the still live CMP434/435 proposals, these much-needed changes can be incorporated. To not do so now would risk adding significant delays in an already tight window of opportunity, and setting back the ability to achieve the CP30 ambitions.

2. Do you agree with our proposal for overall design 2 (that the reformed connections queue should be limited to and prioritised to only include ready projects that align with Government's Clean Power 2030 Action Plan, NESO Designated Projects, and directly connected demand projects outside the scope of Government Clean Power 2030 Action Plan)?

You can find the relevant information in **Section 5 – Our overall preferred connections reform design**

Yes, with reservations. Concerned that projects which may not meet the overall design 2 criteria, but which may be very close to being able to commence construction, will face abortive costs because they have little chance of progressing. We are encouraged by CNDM para. 5.5.5 (p27), that NESO will ensure that projects which have met the Gate 2 criteria and are already under construction and due to commission in 2026 or earlier will not be adversely impacted by aligning the queue to the CP30 Plan. The definition of "in construction" needs to be very clear as different interpretations are already emerging; consideration should also be given to projects where DNO/TO delay would cause that date to be missed when it could otherwise be met and how these projects could be protected.

We believe that large demand should be play more of a role in these plans, as they can have a strategic benefit to the grid if located in the right place and should be encouraged as such. We would also wish to ensure that any future demand forecasts have accurately forecast the proliferation of large demand such as data centres, which is a popular market. As per our

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response to CMP434/435 we believe that large embedded demand (that causes an impact on the transmission system) should be in scope.

There will also need to be flexibility in the CP2030 targets, to allow for re-forecasting if the demand picture changes and also necessary elasticity at the edges of the pots to allow projects to fill gaps left by any that may terminate; this would necessitate some development work to still be undertaken to enable a potential advancement, so developers would need clear guidance around the process here.

Finally, we have some concerns over the Designated Projects methodology and its potential for abuse/unfairness but are happy to see robust governance in place on this.

3. Do you think all 'ready' projects should be included in the reformed connections queue (overall design 3)? If so, how would you propose that we mitigate risks to consumers or developers of material misalignment to the SSEP?

You can find the relevant information in **Section 6 – Assessment of alternative design for connections reform**

No, with reservations. We agree with the arguments NESO makes in support of achieving CP30, and therefore the need to direct focus towards projects that will best help (and that including all "ready" projects would fill up constrained space, hindering the CP30 plans). We are concerned about the massive potential for projects, and key industry resources, to waste time and money to pursue readiness between now and the implementation date of the new reforms, only to find out that they do not meet the overall design 2 criteria. We need clear guidelines now for projects to be able to self-assess the likelihood of proceeding once the reforms are in place, which includes robust data provision on the existing queue, gate/milestone status and regional quotas.

Though out of scope of the methodologies, we believe a project shouldn't be considered "ready"/gate 2 until it has planning consent, as such there could be merit in not re-ordering the queue back into original queue positions post-planning sort. This would speed up the queue and reduce planning risk/delays outside of the networks' control.

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4. 4. Do you agree that the reformed connections queue should initially focus on the 2035 time horizon?

You can find the relevant information in **Section 4 – Key building blocks for aligning connections to strategic energy plans**

Yes, allows for greater investment clarity, particularly as some of the network projects needed to help CP30 may take until 2030 just to get through planning. We agree that a 2030 focus would not give enough time to reform and drive the new queue. Taking the horizon beyond 2035 would equally be a problem, as the current focus will likely change significantly once the SSEP is in place.

However necessary elasticity at the edges is required, to allow projects in later pots to join earlier pots (2025-30, from 2030-35 for example) if they drop out. This might be difficult if development is stopped on projects in later pots in the interim.

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Implementation Questions

You can find the relevant information in the **Great Britain's Connections Reform: Overview Document**

<p>5. Do NESO's preferred options against each of the variables discussed in the Overview Document best deliver efficient alignment to Government CP30 Plan?</p>
<p>You can find the relevant information in Section 5 – Our overall preferred connections reform design and Section 7 – Further variables and options to align connections reform with strategic energy planning</p>
<ol style="list-style-type: none"> 1. <u>Time horizon for determining “aligned project”</u> See Q4 above. 2. <u>Approach for managing scope of the new queue</u> See Q3 above. 3. <u>Approach for demand projects</u> <i>We believe that large demand should be able to play more of a role in these plans, as they can have a strategic benefit to the grid if located in the right place, and should be encouraged as such. The BAU process can continue, however NESO may wish to explore ways to encourage demand in areas where it is “needed”. We would also wish to ensure that any future demand forecasts have accurately forecast the proliferation of large demand such as data centres, which is a popular market. We note that allowance is made to revise generation forecasts on this, but we would like to see this done at the “front end”. As per our response to CMP434/435 we believe that large embedded demand (that causes an impact on the transmission system) should be in scope to play a role in any developments in this area.</i> 4. <u>Approach to oversupply</u> Agreed. 5. <u>Approach to undersupply</u> <i>Capacity/bay reservation and translocation from adjacent zones seems sensible, however this may be unproductive if there are spatial reasons why a quota cannot be filled, such as planning. As such a more holistic overview may be needed.</i> 6. <u>Approach to project attrition</u> <i>Broadly agree, however if a project has been given a 2035 date, the developer is likely to “down tools” until nearer this date, so accelerating this into an earlier pot to address attrition may not be feasible. As such, an element of oversupply could be factored in, that could be accommodated in the existing network design; or there needs to be elasticity at the edges of projects at the top of the next pot to maintain a state of “readiness” to allow them to advance. This will require regular communication from NESO and perhaps incentives for developers to spend money to remain in this state.</i> 7. <u>Optimal use of the network</u> Agree that this needs further work. 8. <u>Transition to SSEP</u> <i>Happy with the proposal to have no further reduction/re-ordering of the new queue because of SSEP1 – important to let investment decisions stabilise after the reforming</i>

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process in 2025 – this approach to SSEP1 will build on the reformed queue and give a better investment perspective for the years beyond 2035.

9. *Does CP30 alignment apply to Transmission and Distribution?*

Agree with the approach suggested, to align with the TMO4+ proposals, as interpreted via CMPs 434 and 435 and CM095. Noting comments on dates used for TM04+ queue ordering in Q9 below. We support the proportionality / flexibility approach, and support the fact that small projects (e.g. rooftop solar) would not need to go through the process to allow social benefit of these.

10. *Is there a spatial element to CP30 alignment?*

Agree with the use of the “CP30” zones.

11. *How do we order projects in the new queue to determine CP30 alignment*

The suggested approach of a combination between existing queue position and planning status is sensible. However, we have significant concern about use of NESO countersignature date, given the potential to perpetuate disadvantage to embedded customers as expanded on in Q9.

6. Do the methodologies deliver our preferred options against each of the variables?

You can find the relevant information in **Section 3 – Overview of framework of codes and methodologies for connections reform**

The methodologies appear to expand upon how the reformed connections process will work in sufficient detail, and with appropriate logic. However much of this information was not available during the main CUSC modification workgroups on implementing TMO4+, causing significant frustration for workgroup members (for CMPs 434 /435 and CM095). Whilst the information provided in the methodologies is clear and comprehensive, it has not been subject to the same level of scrutiny that changes of this magnitude normally experience. Individual responses such as this one are less effective as they have not had the benefit of wider group debate between a broad variety of stakeholders.

7. Are there key policy areas that are not covered by our preferred options against each of the variables or that would not be delivered by the methodologies?

You can find the relevant information in **Section 5 – Our overall preferred connections reform design** and **Section 7 – Further variables and options to align connections reform with strategic energy planning**

Provision of connections for projects that receive commercial contracts other than Pathfinders, like Capacity Market or Contracts for Difference. The Project Designation methodology may be cumbersome.

We note that there is an increased focus now on private networks/GridCo solutions whereby generation and demand are co-located in a private network. The grid connection acts as a back-up for emergency supply or for over-spill of generation. It is not clear how these projects

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would be treated, i.e. could they be rejected if the generation does not meet a CP2030 quota, even if the main export for the generation is not going to be the grid. This needs to be considered.

8. Do you agree with our approach to managing project attrition between 2025–2030, and 2031–2035, whilst ensuring that the SSEP can deliver maximum benefits to GB consumers?

You can find the relevant information at **Section 7 – Further variables and options to align connections reform with strategic energy planning**

Agree that these proposals are reasonable, and appear to make a path through to SSEP (although still need to know more about how this will look and work).

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Connections Network Design Methodology

You can find the relevant information in the [Connections Network Design Methodology - Detailed Document](#)

9. a) Do you agree with the approach to applying the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria to the existing queue? **(see pages 24 and 29)**
- Do you agree with the three categories of Planning Obtained, Planning Submitted, and Land Rights for sorting projects?
 - Do you believe Phase 2 should remain in existing relative queue order, or should it also be reordered by planning status to determine alignment to the CP30 Plan?
 - We have explored two alternatives, shown on pages 82 and 83? Would you support either of these alternatives over the proposed approach on page 29?
- b) Do you agree with the approach to applying the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria to future Gate 2 Tranches? **(see pages 56 to 58)**

Agree with the suggested approach on p.24 to apply the Gate 2 Readiness Criteria. However, we believe that for the Strategic Alignment operation, alternative 2 on page 83 would make better sense than the approach on page 29, if meeting CP30 by 2030 is likely to be challenging. By not reverting to the original queue order after the processing has been carried out, and having prioritised projects by planning status, delivery should be faster, as alluded to in our response to Q3 above. This would truly ensure that "ready" projects will connect and reduce the risk of abortive network investment, as well as aligning with our previous comments of planning status holding more weight. If NESO is sure that CP30 can be achieved by delivering the wider planned transmission network for 2030, as noted in 5.5.3, then we agree that the page 29 proposals would be simpler and less disruptive.

We also share concerns with many in the industry around utilisation of the NESO countersignature date to form the existing queue for the initial TM04+ exercise. This risks continuing the discrimination to embedded customers whose DNOs failed to submit Project Progression responses in a timely manner (ideally in 3 months). Due to weak provision in the CUSC this took over 12 months to get a response in some cases in recent years; in some extreme cases nearly 24 months. This resulted in many more progressed DNO projects joining the transmission queue much later, materially impacting works and connection dates. We would suggest exploring whether using the DNO acceptance date for embedded projects would be fairer – emulating a whole system queue. We appreciate this would be a huge undertaking, potentially changing existing transmission contracts and relies on reliable data being available, but we believe that a viability assessment of this should be undertaken to see if it could happen. This could provide the only chance to right this perceived injustice so should be investigated. We also have concern over the countersignature date being used throughout, in some cases NESO returned countersigned documents many months later, if at all. As such we assume it truly means customer acceptance date.

Secondly, despite numerous requests at CMP435 workgroup, the ENA have not yet provided guidance on how they will re-order their queues in-line with TM04+ outcome. For example, it

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would be incongruous for a Gate 2 project to be behind a Gate 1 project for DNO reinforcement. This needs to be clarified urgently.

Batched Project Progressions also need to be considered. Whilst we welcome CMP435 proposals to move projects in and out of these batches (at different gates), this could have adverse impacts on securities and capital contributions. We strongly believe that the mechanisms for DNO customers contributing towards transmission connection assets needs to be re-visited after being dropped by the SCR – as this causes significant financial barriers to connecting embedded projects that may be within the CP2030 goals. Who funds these assets for “needed” projects could also be reviewed.

We agree with the suggested planning statuses in the CP30 alignment proposals. However, we believe that treating DCO submissions as “planning obtained” is unfair, as it preferences these sort of projects and implies 100% planning success which may not be the case.

We agree that planning status for Phase 2 is less important, for the initial reforming of the queue, and using that the re-formed positions from the technology/zone exercise (in 5.7.1) make sense. One would assume that these dates are based on successful evidence submission to DNO or NESO (not just NESO, noting DNO delays as above), notwithstanding the windows, or you would have many projects with the same date in the same window.

Broadly agree with the proposals for handling subsequent application tranches, this will also help resolve the perceived disadvantage to DNO projects. The use of the “date the Gate 2 Readiness Criteria was met” is key here, as it is used in the assessment with subsequent tranches of applications.

10. Do you agree with the approach to managing advancement requests?

- Do you agree with taking advancement requests into consideration when reordering the existing queue?
- Do you agree with the limited circumstances under which NESO would permit Users to request reversion to their original connection date?

Agree with this. The ability to note whether a change in PoC or a flexible connection would be acceptable is good. We support CMP435 WACMI allowing an EA register to be published, however we would suggest this goes further. We would wish to see ECRs and TEC registers updated with: project location, capacity, POC, connection date, milestone status, gate status, TWR/DNO reinforcement codes, relevant queue position against these, any LIFO stack info. We appreciate that the Electricity Act may prevent publication of this data, however this should be investigated, to allow customers to truly assess whether advancement would be successful and secondly to encourage open accountability.

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11. Do you agree with the approach to reserving Connection Points and Capacity at Gate 1?
- Do you agree with the concept of reserving for undersupply against the CP30 Plan pathway(s) to 2030?
 - Do you agree with the circumstances under which NESO could reserve a Connection Point and Capacity for a known project?
 - Do you agree with the circumstances under which NESO could reserve a Connection Point and Capacity for an as yet unknown project?

Understood why this is being proposed. Not all applications will want or need to go through Gate 1 first. For those that do, this enables longer term markers to be laid down, especially if they are projects with “very long lead times”.

Reserving for undersupply against the CP30 Plan pathway(s) to 2030: understand why this is being suggested, but suggest that few projects, other than small ones, will be able to use this. Reasons for undersupply should also be understood, for example if a spatial constraint is restricting development, reservation may be counter-productive. Suggest reservations are time limited and publicised to developers.

Circumstances under which NESO could reserve a Connection Point and Capacity for a known project: mainly for subsequent Project Designation? This also makes sense against future Pathfinders and interactions with markets like the Capacity Market or Contracts for Difference should be considered. We would wish this is used sparingly to prevent undue preference for certain projects, but understand the benefits for projects such as nuclear, offshore wind or interconnectors that may be required under CP2030 but would not necessarily be able to go through the baseline process efficiently. Robust checks and balances required.

Circumstances under which NESO could reserve a Connection Point and Capacity for an as yet unknown project: As above

12. a) Do you agree with the approach to reallocating capacity when 2030 pathway projects exit the queue?
 b) Do you agree with the approach to reallocating capacity when 2035 pathway projects exit the queue?

a) *The “normal” approach to reallocation for when a project exits the 2030 pathway makes good sense, bringing projects in from the 2035 pathway with the attributes in 7.16.3. The limited circumstances in 7.16.4 also make sense. There was significant concern in the CMP434 workgroup that project designation could be used unsympathetically in this situation – this proposal seems appropriate.*

b) *The approach for projects exiting the 2035 pathway looks appropriate too, but this cannot be fully understood until the nature of the forthcoming SSEP is known.*

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Gate 2 Criteria Methodology

You can find the relevant information in the [Gate 2 Criteria Methodology- Detailed Document](#)

13. Do you agree with the following elements of this Gate 2 Criteria Methodology?

- a. Gate 2 Readiness Criteria – Land (Chapter 4)
- b. Gate 2 Readiness Criteria – Planning (Chapter 5)
- c. Gate 2 Criteria Evidence assessment (Chapter 8)
- d. Self-Declaration Templates (Chapter 9)

Please insert your answer here for a). Yes, we agree with this, however the Land Density table will need reviewing periodically as technologies become denser. Customers should be protected if TO/DNO delay causes the connection date to move past their lease/option period. Clear guidance is needed on allowable changes to red line boundaries, noting the interaction with existing DNO guidance, which is less flexible, ideally these would be aligned either way.

Please insert your answer here for b). Yes, however we would even consider that planning submission is a requirement for gate 2, noting that this was ruled out of the CUSC modifications but could maybe be re-visited in future if the proposed arrangements result in inefficiencies. This could protect against abortive investment and high cancellation charges, noting that it could slow down the queue. Customers should be protected if TO/DNO delay causes the connection date to move past their planning validity. We don't believe that DCO submission should count as "planning obtained" for purposes of CP2030 alignment, as this provides an unfair advantage to these projects and assumes planning success.

Please insert your answer here for c). Agreed, we would support proposals to check 100% of submissions, being undertaken by adequately trained/skilled DNO/NESO staff.

Please insert your answer here for d). Agreed.

14. Do you agree that the alternative route of meeting the Gate 2 Readiness Criteria should be only limited to projects that seek planning consent through the Development Consent Order route?

Yes, however only if projects are seeking to use CPO powers which should always be a commercial last resort. There does appear to be an element of unfairness in allowing DCO projects to progress without signing up land. This would need to be assessed on a case-by-case basis depending on scale of project.

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Project Designation Methodology

You can find the relevant information in the [Project Designation Methodology - Detailed Document](#)

15. Do you agree that the categories of projects that we have identified are the appropriate ones to potentially be designated?

We, along with many others in the industry, note that the combination of power to NESO that the Project Designation Process grants, along with the apparent reduction in accountability to, and scrutiny by industry colleagues, is a significant break with precedence. Whilst we understand why the proposal is being made, we would like to see more clarity in how it will be used, managed, and scrutinised. The current proposals in the methodology are likely to be modified over time, so this challenge is a marker for the future rather than now, to ensure that changes are not subsequently made which may not be as reasonable.

The categories of projects currently identified are themselves sensible and appropriate.

It is unclear how projects that have been awarded a NESO or other government contract, other than a Pathfinder (such as a Capacity Market contract or a Contract for Difference), will be protected for their connection. One would assume that the Project Designation methodology is used, however this may be too detailed for such a use case.

16. Do you agree with the proposed criteria for assessing Designated Projects?

We note and approve of the fact that NESO “only envisages designating projects in exceptional circumstances, where those projects demonstrate that they meet the detailed criteria set out in this Project Designation Methodology”, and trust that this will be regularly and openly tested.

The currently proposed Project Designation Criteria appear to be sensible and appropriate.

17. Do you agree with the indicative process NESO will follow for designating projects?

The indicative process seems logical and clear. It is good that all designation decisions will be published, and that there will be an appeals route.

We note that whilst it would normally be the case that a User would approach NESO about the potential to be designated, it is possible that NESO might equally approach a User in certain circumstances. In all cases, the User must still formally apply for designation, and (possibly, since NESO reserves the right to make a cost-reflective charge) pay an assessment fee. It seems incongruous that if NESO approaches a User that they would still have to pay an assessment fee.

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Additional Questions

18. Do you have any other comments (including whether there was anything else you were expecting to be covered in these documents)?

As noted elsewhere above, the introduction of Methodologies has been contentious, and extensively debated in the Workgroups for CMPs 434, 435 and CM095. Part of the contentiousness was due to the fact that the content was not known until very late on in the workgroup process, but part was also due to the perceived risk that a significantly important set of documentation impacting upon how new connections will be governed was itself apparently not subject to full scrutiny by needing to go through the normal codification process used for CUSC and the STC. We also note how this has been developed mostly in isolation of the INA, whose members include transmission-connected IDNOs who will have these obligations placed on them. We would suggest that incorporation of these companies earlier in the process would have been beneficial.

We understand that Ofgem are now consulting on NESO licence changes relating to maintaining the methodologies and the guardrails around them, which is welcome. Uncertainty in changes in the methodologies could limit the effectiveness of these reforms.

Now that they have been published, we note that the methodologies are well written and comprehensive, but we stress that we still have concerns about how they will be change managed and published for all to see their latest versions simply and clearly.

Before implementation, robust data is needed. The data provided in the CP2030 proposals is not granular enough. Developers are currently facing huge uncertainty on their pipelines which is resulting in investment slowing down. The regional quotas need to be published in detail, alongside the existing queue and whether they could currently meet Gate 2 criteria based on existing DNO/NESO info from milestone management. We would urge this to be published at least 6 months prior to implementation to allow developers to undertake their own impact assessment and exit the queue if necessary – helping the overall aims of the proposals.

As mentioned above, clearer guidance needs to be given to projects that have secured NESO or other government contracts and how their connections could be protected post 2026.

Clear guidance on hybrid projects is needed, such as how securities/liabilities will be apportioned across the technologies, which could now effectively apply to CEC if TEC is to be shared. We would assume the phase 2 securities/liabilities would only apply to any additional works. It is also unclear how hybrid DNO projects can contractually be phased across two gates as presently this does not seem possible. This continues the theme of a lack of guidance on how the ENA is proposing to re-order DNO queues and obligations to submit Gate 2 evidence in a timely manner. There also could be a conflict between DNO and NESO allowable change to red line guidance which needs to be rectified.

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We understand from industry fora that BESS forecasts have only considered markets such as frequency response and similar but not general power arbitrage. If so, this could hugely underestimate the benefits BESS can play in constrained areas – such as the East of England.

We note that private network/GridCo connections have not been considered. In reality these grid connections will be used for back-up/overspill, with the majority of generation being consumed behind the meter – would these be denied a connection if not meeting a quota even if there is a demand offtaker in the mix? There could be a conflict with the two processes that these different Users have to go through – noting that there is already ambiguity on this contractually under BAU.

Clear definition of “in construction” for 2026 connection is needed and how projects delayed past this date by TO/DNO should be protected.