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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](mailto:box.connectionsreform@nationalenergyso.com)** by **5pm** on the closing date of **2<sup>nd</sup> December 2024**.

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

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<b>Is this response confidential?</b>	<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**

We agree it is preferable to have alignment, however the solution proposed by the NESO could lead to inefficient and uncertain outcomes for projects in the current connection queue that are awaiting final connection. We agree that Connections reform should focus on the current issues of oversubscription of specific technologies (and the resulting modelling uncertainty)

Undoubtedly there is crossover between new assets connecting to the system and CP2030, however, the way NESO wishes to apply CP2030 is not clearly described or integrated with other proposed elements of the connections process. At a high-level, NESO has described implementation of CP2030 as a series of locational and technological pots that would apply (and be discharged by) Transmission and Distribution networks. However, detail is lacking on how these will be processed through CNDM, and how consistency and compliance will be ensured by networks applying the process. In our opinion the risk of conflict, confusion, and dispute escalation is high. We also consider the risk of legal challenge is increased as the proposals are overly complex in some areas and lacking transparency and detail elsewhere.

We are uncertain on how impactful the proposed connections changes will be to meet CP2030 and beyond. The analysis that has been presented by NESO is a very welcome late addition to the reform process. This should have been made available to the CUSC working groups. In the limited time available, we have not been able to scrutinise the data fully but note, with some concern, that NESO has separate and mutually exclusive data sets to support their Connections and CP2030 work; the assumptions on page 31 and pages 38-41 and 51 of the Draft Data Assessment highlights the different data sets being used that do not align for connections, CP2030, and assessment of locational and technological distribution.

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**

No, we do not agree that design 2 should be implemented in its current form, as there are many outstanding questions and further clarity is needed, particularly regarding which ‘ready’ projects in the current queue will be impacted. For example, will projects that have CM agreements and are near to completion, with considerable sunk costs having already been incurred (by both developers and TOs), be impacted because they are not named in the Government’s CP30 Action Plan. Indeed, the Government’s

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CP30 Action Plan has not yet been published and it is unclear how prescriptive that Plan will be (in terms of specific technologies, capacities and location) and thus how actionable it will be in terms of NESO determining individual projects' 'alignment' to the Plan.

The overall process for design 2 is complex with interactions between the three methodologies and the risk of conflicting provisions. For example, we sought clarification on the scope of the Gate 2 Criteria and applicability through the proposed CNDM to current projects. The answer we received raised additional concerns which have yet to be addressed by NESO. The complex process design described in the methodologies has not provided the clarity required for users to understand the risks of the proposal and any potential mitigations. Our view is these terms should be agreed and applied through the CUSC governance as the industry's multi-party agreement.

Of the options in the consultation, design 1 may present the simplest and most cohesive solution to managing the connections queue. This could also be adopted quicker, as it is less complex, and could be applied directly through the CUSC. Any residual defects could then be addressed based on the evidence of harm and analysis of the merits of any subsequent options to address the residual defects.

We welcome the analysis released as part of this methodology consultation related to CP2030 and technology oversubscription. However, there is a lack of data and impact analysis illustrating the effectiveness and consequences of each design proposal. In Appendix E, there is a qualitative assessment developed exclusively by the NESO and presented to the Connections Delivery Board, but we are not clear what evidence base was used to form the assessment or the level of scrutiny and challenge to its assertions. Therefore, we are unable to comment with certainty on which design process is the most impactful and effective in meeting the Connections Action Plan. Additionally, there is no information relating to the financial impact of the options, or value of projects that will be halted, or the estimated impact this will have on future investment. Overall, there is no financial assessment of the Cost and Benefits attributable to the options and this is a defect in the development of the solution and the methodologies.

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**

Design 3 allows projects that meet the requirements to pass through to gate 2. If the project does not meet the CP2030 Plan, it is given a post CP2030 date rather than reverting to Gate one (as under design 2). We broadly support design 3 over design 2 because it reduces the risk of post 2030 projects reverting to a gate one offer based on indicative TEC, location and connection date. However, there is no analysis of the relative impact of each design proposal either financially or in terms of expected project progressions. It is also unclear how NESO will maintain transparent and consistent decision-making relating to either individual, or classes of project, when being assessed against the Strategic Spatial Energy Plan (SSEP). We

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would welcome provisions within the methodologies to address transparent and consistent decision making. Any potential misalignment with future SSEP's could be addressed through the queue management processes.

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, we are supportive of a connections process that prioritises projects that are ready to connect in the short to medium term, aligning with the 2035-time horizon. This approach will help accelerate the deployment of clean energy and contribute to the UK's net-zero goals. Having a long-term perspective is also essential to ensure the grid's capacity to accommodate future growth and evolving needs. Therefore, the reformed connections process should also consider the longer-term consequences of the proposed connection reforms.

Depending on the design(s) taken forward, the NESO should maintain some flexibility to accommodate changes to project timelines and grid connections. Clean Power 2030 and the Strategic Spatial Energy Plan should provide a stable and predictable post 2035-time horizon that may improve investor certainty.

## Implementation Questions

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

5. Do NESO's preferred options against each of the variables discussed in the Overview Document best deliver efficient alignment to Government CP30 Plan?

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**

**Time horizon for determining aligned projects - Clean Power 2030 - 2035 option:** We support the NESO's suggestion to government which enables a 10- year planning horizon for the reformed connections queue. We agree that a shorter planning period would increase the risk of a hiatus in development and may lead to suboptimal outcomes for the consumer. We note that no quantitative analysis has been presented to support this.

**Approach for managing scope of new queue:** The scope of the NESO's preferred option is not clear on the extent that existing and future projects are captured or excluded from the connections process. Drax

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has asked for confirmation as to how the following statement on page 36 will be applied as it does not appear to be reflected in the relevant methodologies - *‘Note that under overall design 2, NESO will ensure that projects already under construction and due to commission in 2026 or earlier will not be adversely impacted by aligning the queue to the CP30 Plan.’*

We agree that both design 2 and 3 provide clarity on the types of projects that may help achieve the Clean Power 2030 ambition. As identified by the NESO, the risks of design 2 are higher. There is the potential for stranded developer costs, the potential reduction of overall investment appetite, the undermining of business cases for certain technologies and presumably increased costs to the consumer. It is our view that these risks have the potential to cause significant disruption and may lead to unintended consequences that could negatively impact investor confidence.

Our preference is that the NESO provides a clear impact analysis (including financial assessment) to demonstrate how the options may be optimised to achieve government’s Clean Power 2030 plan at an acceptable cost to the consumer.

**Approach for demand projects:** In principle we are supportive of the NESO’s proposed approach as transmission connected demand projects are to be accepted through Gate 2 irrespective of whether or not they are within or outside the scope of CP2030.

**Approach to oversupply:** In principle, we are hesitantly supportive of the approach that any oversupplied projects will be considered against the 2031- 35 pathway. What is lacking here is sufficient data as to what this means in terms of anticipated numbers of projects and GW and clarity as to the financial impact on projects of reversion to Gate 1. The evolving energy system may require more flexibility in future than these proposals allow for, especially for projects that were previously working to pre-2031 connection dates.

**Approach to undersupply:** We broadly support the approach to addressing undersupply within the queue. We think this option should be available under all three designs.

**Approach to project attrition:** We agree that projects that exit the queue should ideally be replaced with a like-for-like project. Where this is not available, the NESO should consider what the next best alternative would be from the available options and progress that project (or projects) instead.

**Transition to SSEP1:** As identified by the NESO, the risks of design 2 include a reduction of overall investment appetite, undermining investment appetite in certain technologies, and increasing costs as a consequence. Our view is that these risks have the potential to cause a significant detrimental impact. We would like to have a clear impact assessment of the financial consequences against all of the options developed by the NESO. This could then inform which of the options best satisfies the objectives of connections reform and CP2030 /SSEP at the lowest risk and cost to consumers.

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**

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We have discussed the specific merits of the methodologies in response to questions 9-17 below. As a more general point, we do not think the proposed methodologies are sufficiently consistent to deliver against the variables identified by the NESO.

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**

No comment.

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**

We agree with the principle that any released capacity should be attributed as soon as practicable, ideally within the next primary process window. We do not believe that any capacity should be reserved, withheld or unreasonably restricted by the NESO.

### Connections Network Design Methodology

You can find the relevant information in the **Connections Network Design Methodology - Detailed Document**

9. Do you agree with the approach to applying the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria to the existing queue and future Gate 2 Tranches?

We agree with applying Gate 2 Readiness Criteria to the existing queue, where this does not impact projects that are substantially built (awaiting a final or delayed connection) or those pursuing a modification application to Assets that are already connected to the Transmission Network. The current drafting of the CNDM and the Gate 2 Criteria does not exclude these projects from the process, although we had understood this was the NESO's intent. We recommend that the NESO revises the methodologies to avoid any ambiguity and unintended consequences.

**Complexity, proportionality and risk to in build / built assets**

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We agree with the assessment of a very large oversupply of two technologies in the existing queue, as highlighted in the NESO impact assessment that was released alongside the methodologies. However, as a reordering process, the CNDM is overly complex especially in the context of projects that are in the existing queue. Supplementing land and planning rights with a technological and locational assessment against the CP2030 plan, is not a proportionate approach to addressing the current queue congestion, which is predominantly caused by solar and battery storage projects. Moreover, NESO has not fully confirmed that there isn't a risk to projects that have been constructed and are awaiting final connection.

### Data on potential effects

We welcome the comparison of current projects in the queue against the CP2030 assessment of need detailed in the document - 'Connection Reform - Draft Data Assessment'. This demonstrates oversupply of mostly battery and solar projects relative to the needs assessed by NESO (fig25). We also welcome the assessment based upon applying the Gate 2 Readiness criteria only. This should reduce the queue by half (p32). The assessment also details the potential impact of this measure on the relevant technologies, including reductions in solar and battery storage projects. (Figure 20 p28)

Our view is that this evidence substantiates the position that the strategic alignment component of the CNDM may not be required to significantly reduce the queue, at least in the first iteration. We recommend that the strategic alignment aspects of CNDM are not applied to the existing queue. There may be merit in revisiting this for new projects applying for connection in future. Removing strategic alignment from the first iteration of the CNDM would reduce the risk of legal challenge and be much easier to implement. This should also lead to the more timely issuing of Gate 2 connection offers than the proposed process.

• ***Do you agree with the three categories of Planning Obtained, Planning Submitted, and Land Rights for sorting projects?***

Yes, it is a pragmatic approach to take project status into account when assessing the queue.

• ***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?***

Without evidence on what this approach means in practice (i.e. detailed analysis of impact on the queue), we are unable to comment on the best approach that should be taken. It is our view that the connections process beyond 2031 should be informed by strategic plans. We would advocate for an approach that is rooted in evidence of the likely outcomes for each option and informed by strategic plans. Developers also need certainty and stability throughout this reform. We believe that altering the queue for phase 2 could potentially disadvantage projects scheduled to complete from 2031 onwards.

• ***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?***

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We are more supportive of alternative 2, as this could enable more mature projects to be offered a firm connection point, connection capacity and confirmed connection date. Similar to our responses on previous questions, we are unable to comment on a preferred alternative without specific data and impact analysis on the implications of each alternative.

**9.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)**

We would recommend that only the Gate 2 Readiness Criteria is applied. Any decision to expand the criteria to encompass CP2030 Strategic alignment should be deferred as there is limited evidence to suggest that this is the most effective approach. We believe it would be better to understand how the Gate 2 criteria and CNDM process impact the established queue before changing the process for future tranches.

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

We broadly agree with the approach proposed to managing advancement requests. Projects that are able to reach completion sooner than their initial date, should have the opportunity to request an advancement. However, the NESO's expectation that the '*Users will conduct the necessary due diligence before confirming their earliest advancement year*' is ambiguous. Projects seeking advancement requests should not have to place their current/original connection date at risk if the NESO offers a different (advanced) date that the project cannot meet.

**• Do you agree with taking advancement requests into consideration when reordering the existing queue?**

We agree with the principle. Consideration of projects requesting advancement is a pragmatic approach to take. However, there has been no forecasting as to what quantity is expected to advance or modelling of the impact of advancement on the existing queue. Without prior knowledge of the requests that are likely to be accepted, project developers are unlikely to risk an advancement request, as their current queue position is forfeited if they are unable to meet the 'advanced' date that is offered.

**• Do you agree with the limited circumstances under which NESO would permit Users to request reversion to their original connection date?**

The limited circumstances are unclear to us from the documentation. In principle, we do not believe that an existing project in the queue that requests advancement should have to give up its existing connection date, if the date that is offered by the NESO is not achievable by the project. We also do not believe the advancement process has been fully thought through; there could be the potential for gaming or unintended consequences, and we recommend further development of this aspect of the process.

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11. Do you agree with the approach to reserving Connection Points and Capacity at Gate 1?

No we do not support this approach as it undermines the purpose of the connection reform process to progress projects that have the requisite land and planning rights. If this approach is implemented as part of the CNDM, we believe that it would be critical for the NESO to provide full transparency on why and how this decision was reached. We would expect ongoing data and reporting on the projects that are at Gate 1 and obtaining Connection Point and Capacity reservation to ensure transparent monitoring of progress.

**• Do you agree with the concept of reserving for undersupply against the CP30 Plan pathway(s) to 2030?**

No - there is little evidence that this is required and there could be a consequential impact on the capacity available for other connections. Our view is that this should be addressed if/when it becomes an issue or defect.

**• Do you agree with the circumstances under which NESO could reserve a Connection Point and Capacity for a known project?**

We understand the NESO rationale, but we do not support this approach as it could frustrate or foreclose capacity to other connections that have secured the appropriate land and planning rights. Our view is that all information and data relating to capacity and connection point reservation should be publicly available on the NESO website for industry participants. As identified in the Connections Action Plan, there is a need for transparency.

**• Do you agree with the circumstances under which NESO could reserve a Connection Point and Capacity for an as yet unknown project?**

No, we do not agree, as it would represent an inefficient use of available capacity.

12. Do you agree with the approaches to reallocating capacity when 2030 pathway projects and 2035 pathway projects exit the queue?

Yes, if the CNDM is approved in this form it appears logical and appropriate.

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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).*

We do not agree with the Gate two criteria being a methodology outside of CUSC governance. However, if it were within CUSC governance, we would be comfortable with the Land criteria identified.

*Please insert your answer here for b).*

-We are comfortable with the readiness criteria.

*Please insert your answer here for c).*

The evidence criteria appear appropriate. It is also important that the assessors of the evidence are familiar with the differences in legal land status rights, options, freehold and leasehold agreements, and other equivalent rights that are granted to Users' projects.

*Please insert your answer here for d).*

The templates appear reasonable, although it's unclear why a self-declaration letter is required in addition to the evidence provided by a project. It is unclear what risk or circumstances the NESO is trying to mitigate against and if this measure will provide such mitigation. Unless the risk can be evidenced, it appears an unnecessary additional obligation, as the Gate 2 evidence is checked by the NESO to prove its authenticity. For instance, if Gate 2 is denied, the integrity of the director that has made the declaration could be questioned, even if the rejection was not based on the Gate 2 Evidence.

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, we agree with this provision.

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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 do not agree with the Project Designation being a methodology outside of CUSC governance and thus outside of appropriate industry scrutiny. There is a considerable lack of clarity as to how these arrangements will be operated and how distortive to competition they could be. To ensure a level playing field, project designation should only be available to Transmission connected Generation and Transmission connected Demand projects, in order to limit any distortion to those classes of connection. We are concerned that, when taken together with the CNDM and reservation process, there is the opportunity for wider market distortion and foreclosure of capacity if project designation is available to onshore or offshore networks or MPI's that could otherwise be made available to project developers.

To ensure that project designation is utilised appropriately, there needs to be additional transparency requirements. These should apply from the application to become a designated project, through to publication of the decision. This will ensure that there is appropriate oversight and scrutiny of the NESO's decision making. As a general point, we recommend that the application of the methodologies and related documents are independently audited on an annual basis to ensure that the process is operated fairly and governed appropriately.

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

Yes, we agree in general. However, the methodology confuses the criteria and categories/types of project, so it is unclear when the methodology is applying a security of supply criteria to a generation project or another category. We also take issue with sub-clause 3.3.4, that references System Transmission Code Procedures (STCP) 16.1. This references investment planning between the TO, NESO and OFTO's, and it is not clear exactly what or to whom clause 3.3.4 is referring to. Such ambiguity is unwelcome for legally enforceable documentation, and we welcome the NESO clarifying precisely the intent of the obligations it has detailed in the methodologies.

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

Yes, in general, though there are substantive elements missing. It is unclear when an application can be made and to whom it should be directed. The quality of evidence that is required is similarly not clear. Also, the route to challenge and appeal if the NESO rejects designation for one party but approves another on substantively the same or similar evidence. We recommend that obligations on the NESO to provide transparency and process assurance are developed with industry parties through the CUSC.

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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)?

The methodologies have not been through the rigour of Legal text review. We are concerned that there are many provisions in the methodologies that are included erroneously or are contradictory with other provisions. In the 18 working days available through this consultation, it has not been possible to systematically identify them all. However, to offer an example, the clause below would either halt all in-flight connection projects or put them at risk of being removed from the connections process:

*We note that some existing contracted parties under CMP435, could be close to energisation but their project will not be energised prior to the deadline for demonstrating the Gate 2 Readiness Criteria - these projects will also need to follow the process set out in this Gate 2 Criteria Methodology.*

We have clarified with NESO that neither outcome is the intent of the process, and that projects in the final stages of connection are 'out of scope' rather than 'in scope' of the primary process. However, the statement also conflicts with assurances made in the CUSC modification groups, provisions in the CNDM, and the Overview document, that state that all connections before the end of 2026 will not be impacted by the changes to the connections process (i.e. they're 'out of scope'). We would urge NESO and Ofgem to ensure that the form and content of the methodologies are legally robust. This scrutiny would normally be completed by the relevant industry code workgroup.

We are also concerned about the potential for successful legal challenge given the novel approach taken to implementing the connection reforms. It is complex with multiple interdependencies between separate CUSC modifications, methodologies, licence changes and potentially additional legislative changes. We also note recent decisions by Ofgem that have favoured transparent open governance arrangements (e.g. [Retail Energy Code modification R0170: rejected | Ofgem](#)). Our view is that it would be more appropriate for the Gate 2 Criteria and the Project Designation methodologies to be contained within the CUSC as these have specific obligations relating to the NESO, CUSC Users, and project developers. We can see some argument for having CNDM as a methodology, as it is arguably a specific and discrete activity within NESO that could be supported by specific transparency obligations in the CUSC.