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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	
Name	James Stoney
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Which category best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector <input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input checked="" type="checkbox"/> Other – Project Developer
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

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☒ No – I am happy for my response to be available publicly

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**

Yes

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**

Broadly agree subject to the following comments.

Readiness Criteria

Allowing projects to be 'ready' simply because they have land rights is not going to prioritise those projects that are most likely to be accelerated. These are projects which have land rights **and planning certainty**.

20% of projects **already have** planning permission, and this is likely to be higher by the time '**Gate 2 to the whole queue**' is applied. Projects with planning permission should be prioritised over all other projects, as they are the most 'ready to connect'.

The 'readiness' criteria of projects should be prioritised in the following order:-

- Projects that **have** planning permission whether granted through DCO or LPA;
- Projects that have been submitted and validated (either via DCO **or via LPA**);
- Projects that have land rights only

The proposed solution to allow for "not known at time of the CP30 Plan" works as an enduring solution only once "Gate 2 to the Whole Queue" has been applied.

"Planning Criteria" should include applications to Local Planning Authorities under TCPA and not just be DCO Submissions.

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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**

Yes subject to the comments below.

CP30 (and in due course the SSEP proposals) sets out too late where and what technologies are needed. The lack of an earlier strategic plan means that developers were not guided as to where and what technologies were most needed, with the resulting mismatch of supply and demand.

In December 2023 NGESO (as it was then) set out the principle of 'first ready, first to connect'¹. Relying on that guidance many developers, including ourselves, invested millions of pounds in taking projects through the planning process in order get ahead in the queue. Projects that have already applied for – and especially those that have been granted – planning permission should not bear the cost of NGESO/NESO's failure to provide a strategic plan earlier.

If projects that have applied for planning or are in planning are belatedly considered to be in the wrong location or technology then the **developers should be compensated accordingly for the losses** they incur for having relied on NGESO's previous guidance. As a minimum these projects should have their verifiable costs to date reimbursed, including all grid securities that have been paid.

Introducing a mechanism to prevent projects developed in good faith according to NGESO guidance (at the time) without compensation **will undermine investor confidence** in the UK energy market: it suggests that it is possible that in the future another mechanism may also be applied retrospectively, which would also wipe out years of investment and value. It may also lead to legal challenges which are an inefficient, time consuming drain on NESO's resources.

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. There is total grid paralysis at the moment, so anything beyond 2035 is less of a priority and can be dealt with in the intervening years.

¹ <https://www.neso.energy/news/our-new-approach-long-term-connections-reform>

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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**

Distribution projects (embedded projects) must be allowed to compete with Transmission projects in an equitable way and not be further disadvantaged by reforms that maintain Transmission projects' current unfair advantage.

It is imperative therefore that the outcome of Gate 2 to the Whole Queue, is **one interlocking Queue** across Transmission and Distribution that is **managed by NESO**, and there are no sub-queues (typically Project Progressions (PP) submissions) that are managed at a DNO level. This is so that there is **more granularity** and it can be **more accurately determined precisely which projects trigger what reinforcement works and when they do, and that those projects are charged accordingly**.

Further, the relevant date for Distribution projects should be when the Connection **offer was Accepted** and **not when the DNO and NESO signed the Project Progression**. In many cases DNOs failed to submit Project Progressions, or failed to include projects in the PP submissions, or the DNO and NESO spent many months, sometimes **many years**, agreeing the PP outcome. It is deeply unjust that Distribution projects should be disadvantaged by a **failure of the DNOs and NESO to manage this process in an efficient and fair way**, especially in the absence of any Guaranteed Standards to ensure compliance.

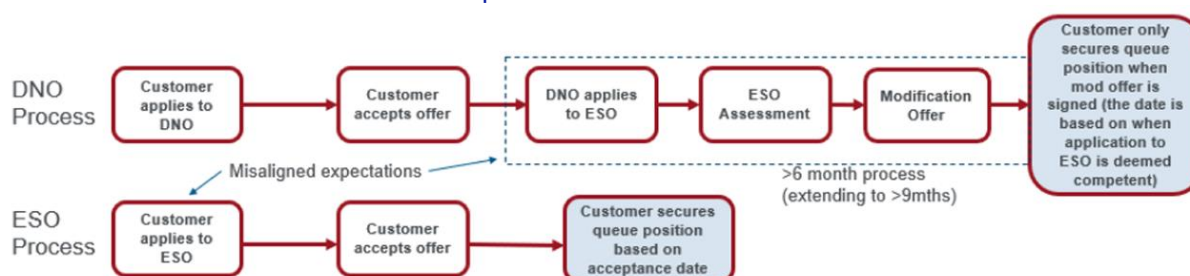


Figure 1: The Current Connections Process for Distribution compared to Transmission

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² Figure taken from ENA's Target Model Option 4+ Distribution Customer Guidance Document

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Distribution projects have been unfairly saddled with more expensive connection costs, additional delays and larger securities than Transmission projects that applied later.

We appreciate that a single queue comprising both Transmission projects and Distribution projects may appear to be more difficult than the proposed reforms but we firmly believe it is the most accurate way to determine which projects have triggered reinforcements and therefore must be charged accordingly. To **allow** the injustice of **the disparity of Distribution and Transmission connected projects to go unaddressed** by Connections Reform and especially Gate 2 to the Whole Queue **would continue an avoidable market-distortion**.

If NESO proceeds with the proposal for the DNOs to manage their own queues there needs to be much more **transparency** and **third party oversight** (for example by OFGEM) to ensure that due and fair process is followed. Most project developers have experienced times when their project order has changed radically (for example a large discrepancy between the original LIFO stack position and the curtailment report position) and so have very little faith in the DNOs following a fair and efficient process.

We have no visibility on whether the Pathways and Pots have been correctly calculated and so cannot comment on these before the deadline for this consultation.

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**

Variable 1 – **Yes**

Variable 2 – “CP30 Plan aligned projects prioritised, then followed by any other ‘ready’ projects” should be applied **for the Gate 2 to the Whole Queue**. “Only ‘ready’ CP30 Plan aligned projects or ‘ready’ projects not known or out of scope of CP30” works as **an enduring solution only**.

Variable 3 – **Yes**

Variable 4 – The underlying data and assumptions for the allocation of technologies and locations has not been made public so it is difficult to comment on this. **Projects that have planning permission should not be excluded retrospectively by the imposition of limits**. This will help protect investor confidence in the UK. This is especially important given that the energy infrastructure investment is a competitive, **international** market.

Variable 5 – We **support substitution to meet under supply** in adjacent locations. **We do not support the reservation of bays and network capacity for undersupplied technology type**. There may be technical, financial and planning reasons for example that have caused the

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undersupply, and these may endure. Any reservation in these circumstances unnecessarily sterilises the capacity that could be utilised by other projects.

Variable 6 – **Yes**

Variable 7 – **We agree with NESO’s view** is that any option that differs from the status quo under variable 7 would only be taken forward for new project applications, i.e., any eventually preferred option should not be applied retrospectively.

Variable 8 – **Yes**

Variable 9 – **We agree** with the principle that Government **CP30 Plan alignment should apply to both Transmission and Distribution**.

Variable 10 – **Yes**

Variable 11 – **Projects with planning permission should be prioritised** over all other projects, as they are the most ‘ready to connect’.

The ‘readiness’ criteria of projects should be prioritised as follows:-

- Projects that **have** planning permission whether granted through DCO or LPA;
- Projects that have been submitted and validated (either via DCO **or via LPA**);
- Projects that have land rights only

Variable 12 – **Agreed**

Variable 13 – **Agreed**

Variable 14 – **Agreed**

Variable 15 – **Agreed**, measured in MVA as per the offer agreements, subject also to considerations for hybrid projects under Variable 18.

Variable 16 – **Agreed**

Variable 17 – **Agreed**

Variable 18 – **Agreed**. We suggest that projects could apply to use their full capacity say 3 years after connection, when there is more system data to support maximum use of their facility. The ‘additional’ capacity would need to be in the LIFO stack after other connected projects so other projects are not disadvantaged.

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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
Yes

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?
<p>Yes, subject to the following comments.</p> <p>Distribution projects must be allowed to compete with Transmission projects in an equitable way and not be further disadvantaged by reforms that maintain Transmission connections’ unfair and market-distorting advantage.</p> <p>It is imperative therefore that the outcome of Gate 2 to the Whole Queue, is one interlocking Queue across Transmission and Distribution, and there are no sub-queues (typically Project Progressions submissions) that are managed at a DNO level. This is so that there is more granularity and it can be more accurately determined which projects trigger what reinforcement works and when, and that those projects are charged accordingly.</p> <p>The relevant date for Distribution projects should be when the Connection offer was accepted and not when the DNO and NESO signed the Project Progression. In many cases DNOs failed to submit Project Progressions, or failed to include projects in the PP submissions, or the DNO and NESO spent many months, sometimes many years, agreeing the PP outcome before signing a Mod App.</p>

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Distribution projects should not be disadvantaged by a failure of the DNOs and NESO to manage this process in an efficient and fair way, especially in the absence of any Guaranteed Standards to ensure compliance. **Distribution projects have been unfairly saddled with higher connection costs, additional delays and larger securities** than Transmission projects which applied for connections later. Further, Distribution projects are disadvantaged by the DNOs and TNOs not operating effectively and efficiently as per their licence obligations.

We appreciate that this change is perceived as more difficult than the proposed reforms but firmly believe it is the **most accurate way to determine which projects have triggered reinforcements and those projects must be charged accordingly**. The proposed reforms mean that Distribution projects will continue to be charged, and have to pay securities on, reinforcement works for which they are not responsible. This distorts the market and makes it less competitive.

To allow the injustice of the disparity of Distribution and Transmission connected projects to go unaddressed by Connections Reform and especially Gate 2 to the Whole Queue would **demonstrate that OFGEM is willing to turn a blind eye to the Networks' persistent breaches of DCUSA Objectives (3.1) to the detriment of consumers and a competitive energy market.**

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

Yes

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

No comment

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

Yes

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?

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

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Please insert your answer here for a).

4.1 Provision of the Original Red Line Boundary:

- (a) the reference to "CUSC Section [X]" **needs to be completed**; and
- (b) **we object** to the concept that the Red Line Boundary "does not have to correspond to the red line boundary set out in any letter of Authority previously submitted..." because a) this will allow the very grid speculation that Connections Reform is trying to prevent and b) it will mean, yet again, that Transmission Projects have an advantage over Distribution Projects which are held to much higher standard (i.e. Distribution Projects do have to agree with the Red Line Boundary in the Letter of Authority)

4.2 Secured Land Rights

- (a) In chapter 4.1, it appears that the requirement is for an option for lease or purchase which has an option period of three years from the date on which the option was entered into. If an option for lease, the lease period must be for at least 20 years.

This requirement is made opaque by the following statements in chapter 4.8 (capitals added for emphasis):

"The evidence provided must be exercisable for a period of at least 3 years from the date of agreement but this does not mean it will need to have 3 years remaining from the date the User submits the Land Option as part of their Gate 2 Application. **HOWEVER IT WILL NEED TO SHOW THAT THE OPTION LENGTH IS FOR A MINIMUM OF 3 YEARS.**"

It is not clear whether the capitalised words above are simply a reiteration of the statement in the previous sentence that the option "must be exercisable for a period of at least 3 years from the date of agreement" or is intended to mean something else. If the former, it would be clearer if the capitalised words were deleted. If the latter, it is not at all clear what it is intended to mean.

- (b) In chapter 4.1 it is not clear whether the evidence of existing ownership is also required in addition to the option for lease. The guidance refers to "via provision of title deeds" – this is a misleading term which applies only to unregistered land, not to land registered at HM Land Registry, which can be evidenced by Official Copies of the Register. **We suggest the guidance is amended to make it clear that Official Copies will be accepted as evidence.** It should also be made clear whether Official Copies of the Register will be sufficient, or whether an Official Copy of the relevant plan will also be required, noting that many plans are not available from HMLR in electronic form, only paper form, and that there should therefore be clear guidance on how these paper plans may be submitted.

- (c) You note in 4.8 that "options are structured differently": it would be helpful to have clarity on the acceptability of options where option terms are extendable by the User (without further consent from the Landlord) on payment of a fee. We presume, for example that an option which has an initial term of two years plus a further period of one year on payment of an extension fee by the User to the Landlord prior to the commencement of the extension period would satisfy the obligation to have an option period of three years, but this is not currently clear.

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(d) In chapter 4.9, there is an ongoing obligation for Users to continue to have at least three years remaining on their option term unless the “Connection Date <3 years away (in which case the Option agreement should cover the period until the Completion Date)”. As DNOs typically have the power at any time to revise the Connection Date, Users may suddenly find that they do not comply with this obligation because the DNO has unilaterally changed the Connection Date. This would be unjust and would contribute to a potential abuse of a dominant position, distorting the market. We suggest that the User should have a cure period of one year from the date on which the DNO notifies it of a delayed Connection Date to negotiate and document an extension to its option period, and that if it is unable to do so that the DNO should refund the User’s evidenced development costs incurred to date.

Further, it is not clear whether the terms “Connection Date” and “Completion Date” used in this chapter are synonymous. If they are, please use Connection Date throughout as it is clearer; if not, please clarify the difference between the two terms.

Please insert your answer here for b).

20% of projects **already have planning permission**, and this is likely to be higher by the time ‘**Gate 2 to the whole queue**’ is applied. Projects with planning permission should be prioritised over all other projects, as they are the most ‘ready to connect’.

The ‘readiness’ criteria of projects should be prioritised in the following order:-

- Projects that **have** planning permission whether granted through DCO or LPA;
- Projects that have been submitted and validated (either via DCO **or via LPA**);
- Projects that have land rights only

The proposed solution to allow for “not known at time of the CP30 Plan” works as an enduring solution only once Gate 2 to the Whole Queue has been applied. For “Gate 2 to the Whole Queue”, projects that have already have or applied for planning permission should have priority over “‘ready’ projects not known at time of the CP30 Plan or otherwise outside scope of CP30 Plan”.

“Planning Criteria” should include applications to Local Planning Authorities under the Town and Country Planning Act and not just DCO Submissions.

Please insert your answer here for c).

As per our answer to Question 9 we strongly believe that Gate 2 to the Whole Queue process to be done as **one holistic queue** so that Distribution customers are not at a disadvantage to Transmission customers. Therefore we would advocate that Distribution Customers should also **submit information directly to NESO** so that this process is made simpler. We reiterate again that allowing DNOs to determine the queue order, based on when a Mod App may or may not have been agreed between the DNO and NESO **is a market-distorting anti-competitive injustice that must be addressed by Connections Reform**.

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Please insert your answer here for d).

Self-declaration **templates should be standardised** so that all project submissions follow precisely the same format. As a developer with many projects in an advanced stage of development we would welcome the **ability for Users to submit and certify online**, including the **ability to upload relevant Land Rights paperwork** etc. Whilst it may be more work for NESO initially to allow Users to submit information electronically, this will ultimately mean that **the data is correct**, in a standard format which will help rectify the poor quality data that many of the Networks hold and which undermines developers' and investors' confidence in the process. We note that NESO's models are based on (aggregated) DNO data, and would point out that the DNO data has low accuracy and therefore should not be used to base any decisions upon.

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?

No. Please see answer to Question 13 b) above.

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?

Yes

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

No. The information being sought – for example – “forecast cost to consumer over the life of project” may not necessarily be known at this point and may therefore be subject to gaming. The proposed process means that responsible developers will be disadvantaged by less responsible developers promising an unrealistically lower cost simply to gain designation.

The criteria per project should be uniformly applied by technology – for example battery round trip efficiency will be broadly the same for short duration storage and therefore should be standardised (in the same way that DNOs use standard generation profiles for their curtailment analysis).

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

No. The concept of Users applying for designation is **fundamentally flawed**.

Having a process by which Users have to apply for designation just creates yet another parallel queue. It increases complexity, cost (we do not believe there should be an application fee) and time delays. Almost **all developers will want to have their projects designated** if this could lead to an earlier connection time, so NESO will be inundated with applications that may not meet the criteria, especially if NESO **"only envisages designating projects in exceptional circumstances"**³.

A quicker and more effective method would be for Users to tick a box saying whether they would like their project to be designated if appropriate and providing selected key information about their projects to NESO. **NESO can then filter all projects that have been submitted and determine whether projects should be designated or not, following a published set of criteria.**

Additional Questions

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

We recognise the **complexity of Connections Reform** and **applaud the efforts of NESO** to integrate CP30 into the later stages of the Connections Reform process.

However, we are disappointed that Connection Reforms process seems to be almost entirely focused on Transmission projects and has **not given equal consideration to Distribution projects**. We believe **a single queue** formed for Gate 2 to the Whole Queue is the **most accurate way to determine which projects have triggered reinforcements and those projects must be charged accordingly**. The proposed reforms mean that Distribution projects will continue to be charged, and have to pay securities on, reinforcement works for which they are not responsible.

We think that many of the current proposals are written from the perspective that **all** developers are 'bad' and that they have **all** caused the connections queue problem. We acknowledge that there may be some developers that are trying to take advantage of the **low barrier to entry on Transmission** grid connection offers. However the proposals, including the proposed Financial Instrument, fail to consider the thriving, entrepreneurial **developers** that **have dramatically reduced the carbon intensity** of the UK's electricity supply over the past two decades.

Developers spend many years creating projects from site identification through to obtaining planning consent, for the infrastructure and pension funds to build them out so they can supply Zero Carbon electricity and also create an income stream. Without early-stage developers the UK would end up with an anti-competitive marketplace leading to higher energy prices to the consumer.

³ 2.2.3 in the Project Designation Methodology

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We believe that there is not enough focus on actually **getting projects connected**, rather than simply **managing the queue**. We would like to see an obligation on networks to **publish information on connections made** by technology, size etc so that progress against CP30 targets can be tracked.

We would like to see the **introduction of milestones and penalties** to hold Networks accountable for **delivery of network reinforcements** on time. This seems only fair given the securities that project developers are providing.

We are disappointed that more radical steps such as a (second) **TEC amnesty** that rewards developers to release capacity have not been proposed. Whilst it would be galling for NESO to have to pay to release capacity it may be quicker and cheaper to incentivise developers to cancel grid connections offers, especially in areas that are massively oversubscribed. If this suggestion is unpalatable then waiving the Cancellation Charges for a reduction or cancellation of TEC should be considered. This process could be pushed through **very quickly**, before the wider reforms apply.

We would like to see the introduction of more **stringent Guaranteed Standards** that govern the process between Networks. We would like to see the introduction of a **formal complaints mechanism within OFGEM** that has the power to enforce **swifter action from the Networks**, especially in cases where Distribution customers are connecting to infrastructure sites and therefore have no contractual relationship with National Grid Electricity Transmission.

Finally, given that a commercial company may not always act in the public interest, if National Grid Electricity Transmission continues to block the connection of projects that will deliver the Government's CP30 targets then it should be nationalised, like NESO.