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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@nationalenergyiso.com](mailto:box.connectionsreform@nationalenergyiso.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

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	<input checked="" type="checkbox"/> No – I am happy for my response to be available publicly
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This response is provided on behalf of Roadnight Taylor (RT) and our clients. It is closely aligned with the response from Renewable UK and Scottish Renewables, yet there are some additional key points and considerations put forward on behalf of our clients. RT can provide a marked-up version highlighting the differences upon request.

### Section 1 – Policy

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

<p>1. Do you agree with our intention to align the connections process to Government’s Clean Power 2030 Action Plan?</p>	<p>You can find the relevant information in <b>Section 2 – Context</b></p> <p><b>Clients are not all supportive of the proposal to align the connections process to Government’s Clean Power 2030 Action Plan, a plan that is not yet published.</b></p> <p><b>The need for Connections Reform is widely supported, which generally includes the introduction of Gate 2 Readiness Criteria. However, with the Strategic Spatial Energy Plan due in 2026, some Clients question the need for the Gate 2 Strategic Alignment Criteria at this stage.</b></p> <p>The thoughts and suggestions presented within this response are based upon the NESO advice to Government.</p> <p>Importantly, the Gate 2 Strategic Alignment Criteria has been proposed following limited industry engagement and collaboration. While the Clean Power 2030 advice from NESO to Government discusses engagement, it is important to appreciate the pace of Strategic Alignment.</p> <p>Within the space of 4 months the concept of a stepping stone to the Strategic Spatial Energy Plan (SSEP) has led to the Gate 2 Strategic Alignment Criteria, introducing the concept of a ‘needed’ project in the context of 2025 to 2030 (and 2031 to 2035). RT are concerned that less engaged market participants and supporting industries (such as the Banking Industry) have had insufficient time to assimilate an unprecedented change to the electricity connections processes and existing queue. This can be mitigated, yet at the time of drafting there is no clear plan to close the gap.</p> <p>The Gate 2 Readiness Criteria increases the bar while placing the viability of a project largely in the hands of the developers. Strategic Alignment goes beyond this, potentially resulting in projects that are deemed to be ‘ready’ not being ‘needed’ based on technology type, location and timeframe. With the Impact Assessment being in draft form and appearing to carry incorrect assumptions, errors and data quality issues, projects that would otherwise be in a</p>
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strong position to connect ahead of 2030 are now at a presently unquantifiable and previously unforeseen risk.

Several Clients believe that the present approach, applying the Draft Impact Assessment date and following the CNDM presented at the time of consultation, creates a number of significant risks. Perceived risks identified include, but are not limited to, investment hiatus, eroded market signals and competition, unintended project delay, inequitable process for Embedded Projects, technology discrimination and Phase 2 re-ordering.

Additional narrative for each of the perceived risks listed is presented within the response to Question 9. It is appreciated that the risks are largely driven by the contents of the Draft NESO Connections Reform Data Impact Assessment, yet it is intrinsically linked to the Clean Power 2030 Action Plan (CP30) feedback.

**RT aims to provide constructive feedback, hence in our answer to Question 18 we present further potential mitigations and considerations. This has been developed with some RUK and SR members, but also includes additional or alternative elements.**

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**

Clients generally believe Design 2 is most pragmatic but believe there are opportunities to improve the concept. In particular certain Clients feel the concept could be more effective if any of the following mitigations were considered for inclusion:

- i) An uplift of the draft 2030 pathways with a softer cut-over between 2030 and 2031,
- ii) An uplift to account for project attrition,
- iii) Protection of projects that have passed FID by a particular date,
- iv) Exceptions for projects that are linked to market contracts or other Government initiatives.

RT also comment on the format of Section 5, Slide 34. The three designs have clearly evolved since the "Potential to apply a technology lens to Connections Reform" presentation from NESO in mid-September 2024. However, including the category "*'ready' NESO designated projects*" within the Design 1 summary, but with no reference to designation in Design 2 or Design 3 is misleading. We suspect that the category "*'ready' projects not known at time of the CP30 Plan or otherwise outside scope of CP30 Plan*" seeks to capture this, yet as written it has been noted to cause some confusion. We recommend revisiting the design summary to remove ambiguity and allow a wider range of stakeholders to easily assimilate the key aspects of each design.

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Our answer to Question 18 presents further narrative on potential mitigations and considerations from Clients.

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**

As discussed, several Clients have concerns over the need of a Gate 2 Strategic Alignment Criteria, pace of change and the timing of implementation. However, looking only at the presented design options, Design 2 (with alterations as proposed in this response) is generally preferred over Design 3 where all 'ready' projects remain in the queue. If there is no route to being classed as 'needed', there are several risks and clear negative consequences of retaining all within the queue.

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**

**Clients who have offered feedback support the inclusion of a 2031 to 2035 time horizon.** The need for capacity goes significantly beyond 2030, and with the Strategic Special Energy Plan (SSEP) not due until 2026, there is a need for pathways to underpin the next 10 years and support a transition to a SSEP which will look beyond 2035.

Given the timeframes associated with long term investment, the route to connection and network reinforcement delivery, limiting the time horizon to 2030 would be detrimental to longer term Net Zero and decarbonisation targets. There are numerous additional risks and unintended consequences from limiting the time horizon to 2030 which are not outweighed by the additional complexity of defining 2035 pathways and managing the associated queue.

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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**

Clients generally believe Design 2 is most pragmatic but believe there are opportunities to improve the concept as discussed in the response to Question 2.

Our response to Question 18 presents further narrative on potential mitigations and considerations from Clients. This section covers a range of aspects; hence these have been included within their own section to facilitate assimilation of the concepts.

**Noted Variable 7, Optimal use of the network, requires further work.** Some Clients agree that this concept, if adopted, should not be applied to the existing queue.

Please see the CNDM response alongside Question 18 for further relevant points.

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**

Clearly a lot of work has gone into each of the Methodologies. Generally, the methodologies do deliver NESO's preferred options against each of the deliverables yet, as discussed throughout this response, Clients believe there are some aspects that must be changed or enhanced alongside opportunities for improvement ahead of implementation.

Given the CNDM has had the least transparent industry involvement to date and the Draft Impact Assessment is only indicative, it is these that need the greatest development over the coming weeks based on the industry feedback received upon close of the consultation.

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**

Key aspects not currently covered within the proposals are alignment with other industry / Government-led processes and commercial pathways.

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It is understood some integration engagement has taken place, but for Clients it is vital a Hydrogen Allocation Round (HAR), LDES cap and floor or Seabed leasing round are aligned to the proposed connections reforms and vice versa.

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**

As discussed within the response to Question 5 and Question 18, some Clients believe attrition could be better managed through:

- Increasing the 2030 pathways to include more of the 2031 to 2035 capacity and,
- Scale the uplift to each zone based on the number of projects that have secured and / or submitted planning.

Setting the pathways to the capacity forecast to be needed when there is significantly more capacity required in the succeeding 5-year period is seen by several Clients to be unnecessarily restrictive. Recommend analysis is undertaken on the various options. This would allow for an evidence-based decision to be made.

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### 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?

Clients generally support the application of a Gate 2 Readiness Criteria to the existing queue and future Gate 2 Tranches. The concept has been developed with industry throughout 2024 and the majority agree that reform of electricity connections processes is needed. Not all aspects of the readiness criteria are supported, but the concept is generally accepted if not by all parties.

Importantly, the Gate 2 Strategic Alignment Criteria has been proposed following limited industry engagement and collaboration. While the Clean Power 2030 advice from NESO to Government discusses engagement, it is important to appreciate the pace of Strategic Alignment as outlined in the response to Question 1.

**RT is concerned that less engaged market participants and supporting industries have had insufficient time to assimilate an unprecedented change to the electricity connections processes and existing queue. RT request that a plan is developed to close the gap.**

The Gate 2 Readiness Criteria increases the bar while placing the viability of a project largely in the hands of the developers. Strategic Alignment goes beyond this potentially resulting in projects that are deemed to be 'ready' not being 'needed' based on technology type, location and timeframe. While this approach is supported by many, very few have confidence in the robustness of the proposed zonal allowances, and find it difficult to support this proposal without greater confidence in the allowances themselves and how they might be reallocated between zones.

Several Clients believe that the present approach, applying the Draft Impact Assessment date and following the CNDM presented at the time of consultation, creates a number of significant risks:

- **Investment Hiatus**
- **Market Signals and Competition**
- **Unintended Project Delay**
- **Inequitable Process for Embedded Projects**
- **Technology Discrimination**
- **Phase 2 Re-ordering**
- **Unintended consequences of utilising the planning submitted date**

Each point is discussed further within the Question 18 response.

It is appreciated that the risks are largely driven by the contents of the Draft NESO Connections Reform Data Impact Assessment, yet given the CNDM has been developed to enact both the

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Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria, it is intrinsically linked to the CNDM feedback.

The alternative options presented on Pages 82 and 83 are each supported by some Clients but views are varied:

- Alternative 1 would likely have unintended consequences on Embedded Projects and there were many reasons why the existing queue order alone was not favoured through earlier meetings of the CMP434 Workgroup. Alternative 1 is perceived to carry greater disadvantages to particular groups when compared to the proposed.
- Alternative 2 relies on Planning status which could disadvantage certain technology groups and projects within certain geographical locations. Planning, which already falls under Queue Management Milestones and was explored significantly through CMP434 and CMP435, is only one measure of a project's progress. A project requiring Town and Country planning may have just submitted planning for a project in 2029, while a project requiring a DCO may have submitted some time ago but not yet have consent in place. While they will have a different position during the re-ordering based on planning status, they will both sit within the same category. In isolation, the two projects look to be at a similar level of 'readiness' but this is not necessarily the case. Thus, while some will support, others do not believe this is fair or an improvement on the proposal.

More generally, the use of the planning submitted date within the queue re-ordering under the proposal or Alternative 2 is seen to have significant unintended consequences. Suggest it would be more sensible in this stage to order projects based planning status AND relevant consent date (for Planning Obtained) or expected determination date (for Planning Submitted). This takes into account the time taken to reach consent under different consenting regimes. Step 7 of clause 5.7.1 the projects will be returned to the original relative queue positions in any case, so this suggested amendment doesn't affect end queue position it is simply aimed at ensuring where there is significant over-supply of the CP30 pots that the most progressed projects make it into the 2030 pathway.

**To aid development, a summary of the most pertinent suggestions has been included under Question 18 of this consultation.**

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

Advancement requests are generally supported given they are an efficient way to bring forward viable projects. With the introduction of Queue Management Milestones under CMP376 and ongoing Gate 2 Readiness Criteria within the associated Methodology (facilitated by CMP434 and CMP435), projects are under unprecedented conditions following an advancement. Hence it is anticipated the majority of projects seeking an advancement confidently believe they are in a position to do so.

Based on feedback, the following questions and suggestions are presented for consideration:

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- The consultation sub-question talks about '*limited circumstances under which NESO would permit Users to request reversion to their original connection date*'. For clarity, we understand this to be a User which has made a request for advancement, subsequently requesting to undo the advancement, i.e., proceed as if no advancement had been requested. The document is not entirely clear and some Clients queried if this is referring to a request to delay the connection date? There is no specific mention of a reversion within the CNDM Methodology, therefore request clarity on the intention.

Presently a project could Mod App to request a delay to the Connection Date, but since the implementation of CMP376 they would retain their original milestones. Importantly, a change to a transmission connection date is common beyond FID with changes to the planned date either bilaterally agreed or managed through a Mod App. Hence, any limitation on a delay to the connection date should be defined in the context of the CNDM, with any wider implications clearly identified.

- The process appears to make the assumption that project advancements into Phase 1 could be relatively common. Has there been any assessment to quantify the scale of the advancement opportunity? Recommend NESO and the DNOs, in collaboration with the TOs, consider the scenarios based on the Land Rights & Planning Status RfI data and all other relevant sources. If volume of advancement requests significantly outstrips the availability of advanced connection dates, it could have unintended consequences on the CP30 Plan objectives, especially if Users are then penalised for withdrawing from an advancement request as is proposed (see 'requesting reversion').
- What date would be given is a project requested acceleration but was unsuccessful due to critical path Transmission Works? Would the original date be offered or the earliest date available based on the completion of the associated critical path Transmission Works?
- Considering specifically Phase 1 (to the end of 2030), how does NESO envisage managing the number of projects due to complete in a given year? Given the uncertainty through 2025 and into early 2026, advancement of a project into Phase 1 could result in a high proportion of the queue seeking a Completion Date in 2030. Given the historical rate of connections, outage windows and resource intensive Grid Code Compliance process, will there be a limitation on the number of projects that can be given a completion date in any given year?
- TOs currently assume up to around 7 years for a new transmission connection from offer acceptance. Hence, if a project advanced from 2034 to 2029 but was only in a position to accept an offer in Q1 2026 following an offer in late 2025, how will this be delivered? Developers must ask this question of their own development ahead of requesting any advancement, but there will also be a limitation in what can be achieved by the TOs and NESO (even with assumptions of a large increase in resourcing).

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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?

Clients have quite varied views. While the concept is understood, several Clients believe this could be mitigated through several other measures including but not limited to: extension of the Phase 1 'pots', appropriate market signals or a Pathfinder type approach to actively seek projects to fulfil a need. Of course, the detail of the 'pots' and flexibility of both zonal and technology substitutions is really important here. The level and quality of data available at the time of consultation is limited.

If a given technology is undersubscribed, as described in the Section 5.17 example, the reason behind this should drive the approach. If the market is not driving the expected behaviours, reserving capacity could drive inefficient transmission network investment.

Generally, Clients believe capacity should only be reserved for named projects or competitive rounds which have a clear start and end date (i.e., some form of longstop preventing capacity being held for a significant period). If the CP30 pathways are based on forecasts, several Clients challenge the need to prescribe technologies with single capacity that is both the maximum and minimum requirement. While not practicable at a zonal level, it is suggested for the GB wide CP30 pathways an 'equivalence factor' could be applied. While certain technologies may be seen as incompatible, other solutions are not as clear cut with more than one solution able to facilitate the needs of the consumer and system.

#### Do you agree with the circumstances under which NESO could reserve a Connection Point and Capacity for a known or as yet unknown project?

Client and wider industry feedback suggests a greater comfort with reservation for a known project. As stated elsewhere, transparency and adequate data provision is key for reservation of capacity and / or switchbays. Lack of transparency could negatively impact investor confidence and have a number of unintended consequences.

For as yet unknown projects, much of the narrative provided under the undersupply sub-question applies. Additionally, Clients generally appreciate the potential need to reserve capacity ahead of a network services tender or offshore leasing rounds. **However, several question the use of reservation to facilitate network competition or for ad-hoc projects at Gate 1 that are unable to meet Gate 2 until the onshore point of connection is confirmed. These appear to be open examples with undefined definitions or bounds; hence request a defined envelope and a more specific set of examples. Interaction with the SSEP should be made clear within the methodology.**

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

The reallocation approach is not unanimously supported given it relies on guidelines that Clients do not unanimously support.

- The need for the technology and zone to be the same for the next project in line is questioned as discussed previously.
- In terms of the project having to be directly connected to the transmission network, this is challenged if Embedded Projects should be next in line based on queue position. There could be cases where a say 80MW 132kV project in Scotland leaves the queue and it could be replaced by two 33kV connected projects that are part of the applicable Transmission Impact Assessment. Therefore, Clients suggest this type of scenario is allowed for with further consideration of capacity re-allocation from a complete Transmission and Distribution queue perspective.
- Clients question whether a project next in line for the capacity but exceeds the capacity held by the exiting project will be given an opportunity to reduce TEC?
- Clients support the concept that any project filling the space of an exiting project must not have a significantly different impact on constraints or require new network reinforcement to connect.

Clients have raised concern around the financial impact on projects not meeting Gate 2 Criteria and returning to Gate 1, reducing TEC for any reason or exiting the queue altogether. Under CMP434 and CMP435, the user can request a reduction in their TEC or Developer Capacity, noting that the User is liable for a Cancellation Charge if this reduction results in abortive works. Given we are moving towards a more managed approach with a capacity reallocation process, are the present measures under CUSC Section 15 adequate? Clients would like to understand whether NESO proposes to make any changes to User Commitment in this regard and / or introduce a TEC Amnesty through 2025 and early 2026.

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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)

a) Some Clients have fed into the development of the Gate 2 Readiness Criteria through CMP434 and associated Workgroup Consultation during Summer 2024. Therefore, it is recognised that while not all agree with every aspect, the methodology is based on significant cross industry input.

However, there are some points Clients and wider industry would like to raise to support development and inform next steps:

- **Density Table** – Presently, Offshore projects (including Interconnectors and or Offshore Hybrid Assets (OHAs) onshore convertor stations) are included within the Energy Density Table. The Methodology refers to this being outlined in a future revision of a NESO Guidance Document yet at time of reviewing this introduces an uncertainty. There is also a secondary comment on the implementation and challenge mechanisms if the Offshore aspect is to be included in guidance but not defined under CMP427.
- **Offshore Projects** – We recognise the variation to the process for Offshore projects. Clients appreciate the ongoing engagement, directly and via Crown Estate and Crown Estate Scotland, yet highlight that there is significant detail still to be defined. This is linked to the CNDM processes for offshore projects and capacity and / or switchbay reservation, as the point at which an Offshore project requires a Gate 2 Offer could vary. Additionally, some Clients believe the proposal raises the barrier to Celtic Sea and INTOG projects. The former do not presently hold leases, meaning achieving Gate 2 Readiness Criteria at time of implementation is at risk. The latter could be dependent on the revised Sectoral Marine Plan (SMP) which is due to be adopted in Spring 2025, therefore they are also unlikely to be in a position to meet Gate 2 Readiness Criteria by Q2 2025.
- **Interconnectors** – We recognised the variation to the process for interconnectors. Clients appreciate the ongoing engagement, yet highlight that there is significant detail still to be defined. This is linked to the CNDM processes for offshore projects and capacity and / or switchbay reservation, as the point at which an Interconnector project requires a Gate 2 Offer could vary.

b) Clients have fed into the development of the Gate 2 Readiness Criteria through CMP434 and associated Workgroup Consultation during Summer 2024. Therefore, it is recognised

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that while not all Clients agree with every aspect, the methodology is based on significant cross industry input.

However, there are some points Clients would like to raise to support development and inform next steps:

- **Section 36** – Given a project in Scotland would seek a Section 36, recommend considering whether the planning route should be extended to include the Section 36 route. This is not unanimously agreed as several Clients believe it’s inclusion could weaken Gate 2. Yet the planning route is to be used sparingly, and it should be considered whether the proposal would facilitate a large unique case in Scotland.
- **Planning Reference Number** – The planning reference number is to be used as evidence for both the planning route for Gate 2 Readiness Criteria and as part of the reassessment process to align the queue with CP30. Yet some Clients have highlighted the time delta between submission of planning and receipt of a planning reference number. There is a perceived risk that this delta could result in projects being classed as not needed due to a delay from the relevant Statutory Authority, with the likelihood of such cases increasing if the volume of planning applications increases. Hence those Clients ask that this be reviewed with transparent engagement with Statutory Authorities to coordinate activities and mitigate such concerns.

c) Primary comments from Clients and other developers centre around the Initial and Detailed Checks of Gate 2 Criteria Evidence. Clients challenge the limited initial checks and question whether NESO could be more ambitious. The use of automation and artificial intelligence could be part of a medium-term solution and is encouraged. More ambitious initial checks could improve overall efficiency of the gated process and mitigate the risk of projects being classed as ‘ready’ and ‘needed’ only to be removed from the queue during the Gated Design Process.

Section 8.13 discusses the possibility of utilising public sources is non-committal. Numerous considerations are listed which Clients support, yet several believe the approach to detailed checks of secured land rights should utilise public data sources from the outset. For Gate 2 to be an effective filter on readiness, NESO practice and clause 8.13 must point to more thorough and stringent checks on the land rights provided by Users. This should include going beyond public records into all possible avenues of verification, to give a clear steer that the land rights criteria are meaningful; this is acknowledged as the best way to deter speculative applicants.

d) *One suggested clarification. Section 9.2 states ‘Statement that to the Director’s best knowledge, the developer is not applying for both transmission and distribution with the same land.’ While this is only referring to relevant embedded projects, it is currently not specific. In numerous cases there will be a distribution application for the same land seeking demand for auxiliary supplies and / or a construction supply. This could be clarified within the text.*

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Additionally, Clients have highlighted that there may be cases where a developer has intended to connect to the distribution network, yet find that due to constraints at the GSP, a direct connection to the transmission system is more economically viable. Therefore, we recommend the template allows such detail to be captured, given there could be a short-term overlap in such cases.

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?

Generally, Clients agree that the alternative route of meeting the Gate 2 Readiness Criteria should be limited in use and therefore only to projects going through a Development Consent Order and can justify why the primary land route is not viable. However, some Clients do question whether this should be extended to Section 36 so not to exclude its use in Scotland. Note, the alternative route was driven by previous stakeholder feedback and intended to be used for projects that could not be expected to meet the land criteria.

Importantly, the '3.1 Summary of Gate 2 Criteria' presented on Page 11 has been perceived to mislead some developers given it appears as a second option and not a low volume alternative. This has led to some subsequently questioning whether the planning route could be applicable to a wider range of projects and those with Town and Country planning. Therefore, recommend the intention is more clearly communicated within the methodology.

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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?

Clients do not all agree with the suitability of Project Designation and its introduction through a Methodology, as was discussed in the CMP434 and CMP435 Workgroup Consultations. However, since the Workgroup Consultations the Clean Power 2030 concept has been introduced, requiring projects to be 'needed' as well as 'ready'. Clients appreciate that such an approach will need an alternative path for scenarios that could not be captured by Clean Power 2030.

Security of Supply and System Operation categories are generally supported yet there is concern that the system / network constraints category could lead to unintended consequences. Once the queue is reduced and streamlined using the proposed measures, traditional market signals should be more effective. Where this is still not the case, a competitive process similar to a Pathfinder could be utilised to facilitate competition and transparency.

The new technology criteria are strongly supported by some Clients and strongly opposed by others. The need for a route for technologies not captured within the CP30 Plan is generally not disputed by Clients; the concern is in the perceived lack of detail at this stage. Also, while Clients acknowledge that certain novel projects will not have been foreseen at this stage, and so may justify an exemption to the test of Strategic Alignment, this does **not** mean these projects warrant the prioritisation afforded by Project Designation. Clause 5.8.1 is therefore not supported as drafted. Prioritisation should only be considered under the earlier categories of system security / operability. To maintain this proposal is to unfairly detriment projects that meet both the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria and are already demonstrably deliverable. Furthermore, the definition is broad, with relatively open criteria. When coupled with a process which facilitates bilateral engagement with the NESO potentially initiating engagement, several Clients are concerned about transparency and the extent of NESO's remit.

The 'very long lead times' criteria are generally a sensible inclusion yet, given the applicable project types should be limited, it is recommended that the definition and criteria could be more specific.

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

Clients note Clause 2.2.3 which states *'In general, 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.'* However, this is observed to contradict the rest of the Project Designation Criteria which is generally broad in nature. While this allows

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for multiple options, it also opens up the criteria to interpretation. Clients recommend increased definition and criteria, calling out the types of projects and / or scenarios that would not be considered if the intention is not to prescribe what would be considered.

When considering the new technology criteria, Clients seek clarification within Clause 3.5.2. While it appears projects with a Technology Readiness Level (TRL) of 9 or less could be eligible under 3.5.2 Part 1, it appears a new technology within an already defined group would not qualify due to the commercial viability requirement under Part 2. This could lead to unintended consequences as in the past a Storage category could have existed to capture Hydro schemes, but this would not have allowed early test projects of BESS to consider the designated route presented. The classification of technologies within the CP30 Plan and Clause 3.5.2 of the Project Designation Methodology should offer a clear route for 'innovation' projects which, by definition, have an unproven business case. Additionally, the term 'novel sub-type' is open to interpretation. If retained, we asked for NESO to present a number of detailed examples to support the narrative.

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

Clients support the Consultation aspect of the proposed project designation process. Transparency is a key theme, with Clients recommending that details of the applications made, and outcome of the NESO decision-making process is published and actively revised throughout the process.

Noted that the decision-making process is a NESO activity yet would expect third parties including the Transmission Owners to be involved given the nature of particular categories (e.g., network constraints).

Clients question whether a common process for all categories is appropriate. As discussed, a Pathfinder type approach could be most viable for the system / network constraints category, while the 'very long lead times' category may require something quite different given the likely low frequency and volume.

Clients request clarity on the appeals process. It is stated that '*4.1.4.2 - Users have the right to appeal a NESO designation decision ...*'. Is the User in this case only the Applicant or does this route also allow third party Users potentially impacted by the decision to appeal the decision? Request the intention is considered and duly clarified.

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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)?

1. **Impact Assessment V1.0** – The industry requires clarity on when and how the final CP30 pathways and zonal ‘pots’ will be confirmed. These are extremely important for investor confidence, and continued investment while reform is implemented.

We recognise that there may need to be iterations so suggest NESO could publish a forecast timetable, showing when incremental drafts will be published and when figures will be finalised. This is a similar approach to that taken for TNUoS.

2. **Phase 2 2031 to 2035 Information** – Currently there is no sight of the Phase 2 pathways. Given 2031 will only be 5 years away post initial re-ordering of the queue, such data is vital for all market participants. This needs to be available with an opportunity for industry to input and comment in Q1 2025.

3. **Gate 1 Reservation and Project Designation Detail** – Throughout discussions, Clients have called out a lack of detail in reference to Gate 1 reservations and Project Designation. At present, the two are relatively open to some interpretation with extensions on eligibility when compared with earlier presentation of the material during the second half of 2024. Key Gate 1 reservation concerns include:

4. The proposal is opaque and provides pretty broad exemptions to the TMO4+ proposals
5. Could allow NESO to take actions to significantly distort the market for a particular technology (though noted that this is presumably not the intention)
6. Increases uncertainty for the development community

Further examples would help narrow down the intention, yet Clients are requesting additional narrative and more specific criteria within the methodologies. Data and transparency are also overarching factors as discussed elsewhere within this response.

7. **Relevant Embedded Projects** – Currently the proposals seek to include all Relevant Embedded Generation and Storage, yet exactly what this includes can make a significant difference to the complexity of implementation.

- a. Appendix G Part 2 and Part 3 – Projects that have been included as part of a Transmission Impact Assessment (Project Progression) will have the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria. This includes projects that have no associated Transmission Enabling Works and have therefore received confirmation through their DNO that they are able to proceed. Initial estimations based on DNO published data indicate this group potentially only forms circa 3% of the overall generation and storage queue, thus Clients recommend assessing whether the impact of including such projects is fair and equitable. It is not unanimously agreed that the benefit of including this group

outweighs the potentially increased complexity and, most importantly, negative impact on delivery.

- b. TIA Threshold – A threshold increase is being considered by industry. If this were introduced in line with implementation, it could have a significant impact on the complexity of the initial assessment. Recommend the approach is aligned and that the Methodologies reflect this, and any future change brought about to the Transmission Impact Assessment Threshold.

8. **Project Progression Date** – NESO have proposed to utilise the date upon which the Transmission Impact Assessment (Project Progression) related offer was signed by the DNO to define the integrated Transmission and Distribution queue position. There has been some recent industry debate on this topic given this date can be significantly different to the DNO Offer acceptance date. DNOs have historically taken many months, even more than a year to submit data to NESO, with post offer negotiations often extending beyond the traditional 3 month validity period. Projects caught up in the Stepped Offer process have also witnessed a significant passing of time before they have received clarity on the transmission impact. *A significant majority of market participants who engaged with us on this issue believe the use of the Project Progression acceptance date is not equal or equitable treatment of Embedded Projects.*

**RT hosted a podcast on this issue and in response to a poll that we posted on LinkedIn 81% of 100 voters suggested that the revised queue position of relevant embedded generation in the GB-wide queue should be based on the date their DNO offer was accepted.**

However, many Clients appreciate the complexity in taking an alternative approach. If the original User's DNO Offer acceptance date was used for example, the solution would require greater system modelling during 2025 and will not result in a positive outcome for all Embedded Projects. There is also the complexity of the downstream DNO investment priorities and Construction Queue based upon the present queue. Re-ordering the queue back into its present order once the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria is perceived to be the easiest to deliver. Clients have fed back to NESO via the CMP434 Consultation and directly with worked examples showing some of the complexities and unintended consequences of ordering the queue based on a Gate 2 Criteria related date as has been previously suggested by NESO. Many Clients therefore believe the present proposal is an improvement on the earlier concept.

9. **Transmission and Distribution Intercalation** – The CNDM does not currently show how Embedded Projects will be intercalated into the combined Transmission and Distribution queue. Presently the CNDM presents the process for aligning the queue for each technology within a given zone; yet, given this is intended to be a complete DNO Licence Area, is it not evident from the material presented how this would be managed and by whom. Clients request an example presenting the process of managing one DNO zone for a single technology where there are multiple historic Transmission Impact

Assessments (Project Progressions) and multiple Grid Supply Points. From this, a second diagram should show how the result is intercalated into the combined Transmission and Distribution queue.

10. **Pathway Extension** – The pathways could be uplifted to aid the management of attrition and importantly account for delay. As discussed elsewhere, if there is a need beyond 2030, a hard target or cap is restrictive. Importantly some projects may be delivered, but later than initially planned. If you consider all transmission connections made in the past decade, most have sought to make some adjustment. This could be due to developer-led requirements but also NESO and TO-driven network outage windows, the completion of Enabling Works and NESO Grid Code Compliance pre-requisites for energisation. Thus, projects with a Completion Date in 2030 following a re-ordering of the queue, may find energisation is actually in 2031. Hence, under the current proposal, this would indicate under delivery in Phase 1, which is perhaps a misleading metric.
11. **Construction Queue** – The CNDM implies that there is a single queue taking a project up to its Completion Date. However, in reality the date upon which a project energises will not necessarily be in contracted queue order. There are many factors that will impact the actual Completion Date and of course not all projects can energise on the 31<sup>st</sup> October of a given year as a significant proportion of Construction Agreement Appendices will state. Clients suggest accounting for this within the CNDM, particularly given the relatively short period between the re-ordering of the contracted queue and 2030. This is linked to the separate comment on Modification Applications which would still be required to alter the Completion Date based on readiness to energise (by all parties, not just the Developer and their contractors) and required outages.
12. **CP30 Plan Timeline** – Applying Gate 2 Strategic Alignment Criteria to projects between the re-ordering of the queue in 2026 and 2030 is a tight and challenging timeline. As discussed in earlier sections and within suggested options for consideration noted under Question 18, the proposal as presented could have a significant impact on the delivery of projects within this time period. See ‘Exemptions’ for some suggestions discussed by Clients and the wider industry that are of note.
13. **Exceptions** – Some possible exceptions to the Gate 2 Readiness Criteria and / or the Gate 2 Strategic Alignment Criteria have been discussed by Clients. Note this is a collection of concepts with opinion varied. These include:
  - a. Connection Date – Clients do not generally believe Clause 5.5.5 within the CNDM is a sufficient exemption. This is due to the definition of ‘under construction’ and / or concern that the 2026 commissioning requirement still puts the delivery of 2027 and 2028 projects at risk. This could be mitigated by changing the date specified under 5.5.5, yet in isolation it is appreciated the concept could undermine CP30 Alignment.

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- b. Financial Investment Decision – One alternative would be to allow projects that have taken FID by a particular date to proceed, automatically classing them as ‘needed’. This could be relatively straightforward to administer at transmission level, yet the definition of FID for Embedded Projects can vary considerably, meaning a different or broader set of criteria would need to be considered.
- c. Government / Public Body Contracts – CMP434 Alternative 26 did present the concept of exempting projects with ‘Government contracts’, including service contracts with NESO. Essentially, if there is a relevant contract in place, it could automatically class the project as needed. Under the existing proposal it is possible a project could have a contract agreed with one agency yet be in a position of not been classed as ‘needed’ during the re-ordering of the queue by another public agency.

This would also remove the concern shared by some Clients holding T-4 Capacity Market Contracts, for example, of being removed from the queue due to Gate 2 Strategic Alignment Criteria and liable for non-delivery of potentially a 15-year contract. This is a specific example but represents similar arrangements across the sector for other contracts with Government or public agency.

However, such an exemption should also consider cases such as the HARI rounds where a final Government decision has not yet been made, resulting in contracts potentially being put in place during 2025 and the initial re-ordering of the existing queue. Cross agency coordination could somewhat mitigate unintended consequences.

- d. Appendix G Part 2 and Part 3 – As per Point 1, Relevant Embedded Projects.

14. **T / D Re-allocation** – Particular focus needs to be given to how CP2030 and 2035 pots are split across Transmission and Distribution as the current methodology does not allow for any re-allocation of capacity from a Distribution Zone to a Transmission Zone or vice versa.
15. **Land Rights Checks** – Section 8.13 discusses the possibility of utilising public sources yet is non-committal. Numerous considerations are listed which Clients support yet several believe the approach to detailed checks of secured land rights should utilise public data sources from the outset.
16. **Attrition based on planning status** – This concept would link with the ‘Pathway Extension’, applying an uplift to pathways based on the overall planning status of projects within the specific pot. If a high percentage had already achieved planning, the uplift would be lower than a pot where the vast majority were yet to submit planning for instance. An uplift in the CP30 technology pots to allow for attrition may be a more efficient solution compared to the proposal of relying on 2031-35 queue to back fill these gaps, for the practical reason that it may be too late by the time a 2031-35 project is notified of the opportunity to accelerate.

17. **Investment Hiatus** – The proposal could unintentionally slow down the development of projects that are currently advancing, resulting in an effective hiatus that increases the risk of under delivery between now and 2030. There is also a similar risk within the 2031 to 2035 time horizon.
18. **Market Signals and Competition** – With the CP30 Alignment layer and Project Designation, the proposed approach within the CNDM could erode or conflict with the traditional market signals. The reduced volume of projects and increased uncertainty could also lead to reduced competition, ultimately increasing cost to the consumer.
19. **Unintended Project Delay** – Projects could either be delayed through being classified under Phase 2 (2031 to 2035) or simply due to the investment hiatus and uncertainty. The picture has evolved significantly during 2024, thus continued evolution of the concepts while retaining a Q2 2025 implementation of the CP30 Alignment layer, 2025 to 2030 allocation and limited number of exemptions increases uncertainty in the market.
20. **Inequitable Process for Embedded Projects** – Relevant Embedded Generation and Storage are included, with all projects forming part of a Transmission Impact Assessment to have the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria applied. This includes projects that are not awaiting the completion of Enabling Works and will have received a letter via their DNO outlining their ability to proceed. When combined with the use of the date a DNO signed a Project Progression offer to assign overall queue position (noting this could be 2 years after a developer accepted the DNO Connection Offer) and complexities such as greater variation in connection solutions, Technical Limits, DNO managed delivery queue, etc., several Clients believe the proposed bar for Embedded Project is disproportionate to the challenges Connections Reform set out to resolve.

The CNDM does not currently show how Embedded Projects will be intercalated into the combined Transmission and Distribution queue. Presently the CNDM presents the process for aligning the queue for each technology within a given zone, yet, given this is intended to be a complete DNO Licence Area, it is not evident from the material presented how this would be managed and by whom. Clients request an example presenting the process of managing one DNO zone for a single technology where there are multiple historic Transmission Impact Assessments (Project Progressions) and multiple Grid Supply Points. From this, a second diagram should show how the result is intercalated into the combined Transmission and Distribution queue.

21. **Technology Discrimination** – Through setting ‘pots’ with limits on each technology, this results in particular technologies being managed centrally by Government and not via the market. If this is to be the case, reasons behind each technology pot allocation must be open and transparent, accounting for a number of factors that were outside the scope of the Future Energy Scenarios. One example is the perceived limit on onshore

wind beyond 2030 compared to offshore solutions, yet given the cost and technology maturity factors, some Clients do challenge the draft approach.

22. **Phase 2 Re-ordering** – Potential unintended consequence of the planning type impacting the reordering in Phase 2. A project with a 2031 date requiring a DCO may enter planning sooner than a project requiring Town and Country planning yet will typically remain in the process for much longer. Therefore, using this to re-order projects ahead of the CP30 layer being applied does not necessarily result in the projects that are most ready and likely to connect ending up in Phase 2.

Concern over implementation details in clause 5.7.1 which shows queue being ordered on planning status – but within the category of “Planning submitted” the projects remain in original queue order. This means projects which have been in the planning system for some time and expect a consent decision imminently would be at risk of being overtaken by a project which had only just submitted a planning application, but which would be less able to accelerate and build quickly. Suggest it would be more sensible in this stage to order projects based planning status **and** relevant consent date (for Planning Obtained) or expected determination date (for Planning Submitted). This takes into account the time taken to reach consent under different consenting regimes. Step 7 of clause 5.7.1 the projects will be returned to the original relative queue positions in any case, so this suggested amendment doesn’t affect end queue position it is simply aimed at ensuring where there is significant over-supply of the CP30 pots that the most progressed projects make it into the 2030 pathway.

23. **Transparency and data** – The proposed reforms will require access to significantly more data and data to a higher quality in many cases. Data is a key requirement and it should be recognised that successful implementation is dependent on increased transparency and data provision. This is necessary for developers to understand their position and that of the schemes around them to make informed investment decisions. This in turn can improve efficiency and potentially reduce the number of projects actively seeking to meet the Gate 2 Criteria for certain projects. Introducing alternative routes such as Gate 1 reservation, Project Designation and the possibility of being advanced where a project ahead does not proceed means that significantly greater transparency is required.

Clients highlight the legal requirement under RfG Article 7 (3) (b) alongside the Energy Data Taskforce recommendations within the Modernising Energy Data report. Recommend a revised data strategy is prepared to align with Connections Reform, specifying the approach to data transparency and open access with particular focus on early 2025 through to the end of 2026.

24. **AR7 Pre-qualification** – The prequalification requirements necessitate a valid Connection Agreement. This is similar for a number of other rounds including Dispatchable Power Agreements for CCUS, Hydrogen Allocation Rounds and LDES Cap and Floor. Going forward this may not be practicable depending on the time of rounds or technology and whether capacity or bays are being reserved under a Gate 1

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contract. Cross sector engagement and coordination is key. RT acknowledge there has been some engagement but from a developer perspective there is no clear alignment across Government driven or backed initiatives (now including NESO initiatives such as balancing services). A specific example is the upcoming AR rounds which have pre-qualification requirements based on the traditional connections process. There is a need for requirements to be re-defined alongside the definition of a connection agreement in this context.

25. **GB Critical Demand** – The need for greater consideration of demand has been discussed under several responses within this consultation. However, RT highlights the significance of transmission connected demand in facilitating the GB transition to Net Zero and as part of this industrial decarbonisation (including ports, processing and manufacturing). Alongside this there are economic opportunities associated with new technologies including Artificial Intelligence which itself could increase data centre demand. These projects are consumers of electricity and do not necessarily engage or benefit directly from the market, therefore without considering this group fully there is a risk critical facilities could be detrimentally impacted. There has been a perception that not including demand within aspects of reform (including all embedded demand) removes barriers, yet this is not necessarily always the case hence further work with industry is recommended. Note, 132kV is a transmission voltage in Scotland, therefore for a number of industrial developments there is a difference in process between a 33kV and 132kV connection with the process for connecting to the latter not yet clearly defined.
26. **Offshore Zone** – Clients have fed back their view that assigning offshore capacity to onshore zones is not necessary. A GB wide ‘pot’ for offshore projects would better allow the Crown Estate and Crown Estate Scotland manage their leasing rounds without potentially misleading zonal figures set. An added complication is the end network solution(s). A project off the Peterhead shore may connect to the onshore network through Eastern Green link 2 or 3, therefore does it sit within Zone 2 or Zone 8? The methodology does not currently specify how offshore wind projects will be allocated to onshore zones – this is extremely important and could be challenging where the connection point is offshore with multiple onshore connection points for a bootstrap.
27. **HND and HNDFUE Relevance** – NESO and the TOs should already have identified the most efficient onshore connection locations via the co-ordinated HND and HNDFUE design exercises. This further reinforces the case for a single GB wide offshore ‘pot’ as setting zonal restrictions could have the unintended consequence of undermining part of this work.
28. **Offshore Approach** – Work with the Crown Estate and Crown Estate Scotland is known to be ongoing, but between the Methodologies and CMP434 and CMP435, there are a number of significant details and processes yet to be fully defined. Given the scale of capacity offshore projects are expected to deliver, it is critical that the detailed process is prioritised in early Q1 2025 through transparent, collective engagement.

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29. **Safety Implications** – Much of the proposed seeks to drive forward the delivery of connection projects and supporting critical transmission works. With advancement and increase in delivery brings a increased risk to safety. This is an aspect that has had little mention in recent months but should be brought to the fore given the proposal will have associated unintended consequences. The guidance and supporting processes that will be defined or impacted by the proposed reform must consider safety considering the increased level of risk and where new mitigations may be required.