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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.

Respondent Details	
<b>Name</b>	<b>Mark Duffield</b>
<b>Organisation</b>	<b>National Grid Ventures</b>
<b>Email Address</b>	<b>mark.duffield@nationalgrid.com</b>
<b>Phone Number</b>	<b>07795 354687</b>
<b>Which category best describes your organisation?</b>	<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 checked="" type="checkbox"/> Interconnector <input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other
<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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☒ 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**

*Given the size of the current connections queue, we support your intention. It is sensible to ensure strategic alignment with CP30 and subsequent planning exercises. However, there is significant uncertainty regarding the practical implications, as the UK Government has yet to respond to NESO's CP30 advice. Logically, NESO might have considered posing this question after the Government's decision on the CP30 pathway, which would have enabled the industry to provide a more informed response.*

*We are also concerned that by prioritising short lead time projects to deliver the CP30 pathways, NESO may inadvertently deprioritise strategic long lead time projects that are essential for achieving the long-term target of net zero by 2050. We would appreciate greater reassurance from NESO regarding long-term strategic planning and guidance on ensuring that strategic long lead time projects are given appropriate consideration.*

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

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

*Yes, we agree in principle. However, this proposed change is quite ambitious given the timeframe, and we anticipate that if NESO is unable to implement the connections reform in a clear and coherent manner, they will encounter numerous challenges next year, particularly from industry parties adversely affected by the new process.*

*We would like to reiterate the concern raised in Q1 regarding projects with long lead times that require a confirmed Connection Agreement to be able to progress.*

*If we have interpreted correctly, many existing projects will effectively have their connection agreement replaced with an inferior agreement that would not support the proposed investment – this will create a 'shock' in the industry and impact the likelihood of future*

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*investment. Given the situation, we do not see any viable alternatives; however, it should be noted that it maybe necessary for Government to introduce incentives to stimulate future projects should these changes supress investment in the longer term.*

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

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

*No, the current queue is excessively long and needs to be aligned and shortened to meet our strategic and political objectives in the short term. However, this should not compromise the progress of longer-term strategic projects, such as Interconnectors and Offshore Hybrid Assets (OHAs). It would be advantageous to maintain a separate queue for these projects to ensure they are brought online at the appropriate time while also being integrated into strategic network planning. For such projects, there is a need to partner with foreign Transmission System Operators (TSOs), Offshore Wind Farms (OWFs), gain approval from UK and foreign governments, and develop the project in enough detail to confirm a multitude of types of Social Economic and Welfare (SEW) benefits to UK and overseas regulators, as well as the financial viability. There is necessarily a lead time that sets these projects apart from other project types. It should also be noted that at a European level, a predictable and reliable long-term connections regime is important when developing connections with other nations. Any reformed connections regime in Great Britain should not undermine this, else there is a risk that Great Britain becomes less attractive for investment in cross-border assets that CP30 has signalled is "needed". Given that negotiations and decisions for these projects occur well in advance, delaying connection agreements until the SSEP would be detrimental to ongoing development.*

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, for projects with short lead times, this approach provides certainty in the medium term. However, for long lead time projects, it is essential to extend the planning horizon beyond 2035. We acknowledge that there are specific exceptions in the methodologies, such as Gate 1 capacity reservation and designation, but further guidance is required on how to secure these. There is a risk that short-term thinking could hinder long-term strategic projects, particularly if we must wait for the SSEP, which is now due at the end of 2026 (having already been postponed from 2025). This delay could adversely affect long-term investment . For example,*

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*it is essential that projects are included in the EU's Ten Year Network Development Plan (TYNDP), and prior to that, it may take several years of discussions (possibly including a selection process where a partner may have multiple options) to formulate the details of the project. The levels of complexity are increasing with the concept of a 'North Sea Grid' and the changing priorities to consider Offshore Hybrid Assets, which all points to the need for such Interconnector projects to be safeguarded when considering strategic energy plans.*

### 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**

*Our primary concern focuses on NESO's approach to project attrition, particularly regarding long lead time projects such as Interconnectors (ICs) and Offshore Hybrid Assets (OHAs), which require significant upfront development, collaboration of multiple UK and foreign stakeholders, and optioneering. Specifically, we want to stress that the delivery of OHA's requires significant synchronisation and coordination with multiple stakeholders, beyond typical point-to-point interconnector projects.*

*Prospective interconnector projects (point-to-point or OHA) are typically thoroughly examined as part of their application process for regulatory agreements from Ofgem, which specifically aims to assess the overall socio-economic welfare case. The most recent iteration of this was in Ofgem's "Window 3" process which recently awarded in principle cap and floor regimes to three (out of seven) point to point interconnectors and two pilot Non-Standard Interconnectors. Eligibility for the regulatory regime is contingent on there being a valid connection agreement and the approval process can occur many years after the connection agreement has been originally entered into. Given the comprehensive regulatory assessment that takes place, it would be inappropriate for the connections process to be misaligned with the outcome of Ofgem's assessment, for example, if the application of inappropriate criteria resulted in removing projects that Ofgem would assess as viable.*

*Given this separate regulatory approval process that applies to interconnector projects (distinct from the connection status), it cannot be assumed that all projects with connection offers will be delivered into operations. This issue might potentially be resolved through the application of an assumed level of attrition to the "Needed" requirement for the Interconnector*

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*capacity queue. The use of a wide “attrition” parameter is entirely appropriate because of the Regulatory ‘gateway’ that will prevent any unwanted projects progressing.*

*Overall, we want to emphasise that each project, whether ours or others, will have specific criteria, nuances, and factors that may not align perfectly. Consequently, it is inevitable that NESO will need to make judgements based on specific criteria to evaluate projects.*

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**

*No comments.*

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 comments.*

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 disagree. As discussed in question Q5, failing to incorporate attrition will hinder the ability to replace long lead time projects if a portion of them drop out, as anticipated. We believe that building in attrition is a crucial recommendation for the Interconnector and Offshore Hybrid Assets capacity queue.*

## 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?

*Yes, we support this for short lead time projects, but not for long lead time projects. For the latter, we believe there are adequate carve-outs in place; however, we are awaiting further details and guidance on how these strategic projects can secure Gate 1 Capacity Reservation or Designation.*

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

No comments.

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

*Yes, we appreciate that the methodology documents specifically mention Interconnector (IC) and Offshore Hybrid Asset (OHA) projects as examples that will receive this treatment. However, there is currently no information on how or indeed how much of the existing connections queue for ICs and OHAs will have their capacity reserved given that CP2030 states a "needed" requirement of 23.7GW of interconnector / OHA capacity for 2035. The specific case of interconnectors / OHAs also needs to account for the over-arching Ofgem approval process for new interconnectors (whether by granting a Cap & Floor deal or a licence exemption). As we set out in our response to Q5, this should be the primary filter for determining interconnector / OHA project "readiness", and project prioritisation under a reformed connections process must be aligned with Ofgem's interconnector approvals process.*

*We would therefore welcome further guidance on how NESO intends to implement Gate 1 Capacity Reservation and would be eager to engage with NESO to address the existing lack of clarity.*

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

No comments.

## 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?

*Yes, subject to comments against relevant elements below and response to Q14.*

- 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).*

*For Interconnector and Offshore Hybrid Asset projects, the understanding is that a requirement to produce a Red Line Boundary (RLB) for Converter Station Site (CSS), secure Land Rights, and*



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*meet minimum acreage requirements are necessary. While the minimum acreage requirements are not currently defined, they are stated to be included in NESO guidance.*

*For Town and Country Planning Act (TCPA) projects that further seek Compulsory Purchase Order (CPO) rights, it is anticipated that Gate 2 will be sought once the CPO has been approved. Considering the time required to be granted CPO (minimum 6 months), and then serve notices to acquire the relevant land interests (3 months), projects with 'Connection Point and Capacity Reservation' will need a longer bilaterally agreed 'minimum reservation period'.*

*To streamline the process and be consistent with the process where a Development Consent Order (DCO) application is required, we propose that the submitted CPO be accepted as evidence of the ability to secure land interests. We would be able to provide the RLB at that point, and this would prevent any delay in progressing to Gate 2, where a voluntary acquisition for the CSS cannot be agreed earlier.*

*Please insert your answer here for b).*

*We are assuming that "reference to provision of a planning reference number" to mean the DCO Application Planning Scheme Inspectorate Reference. If our assumption is correct, we agree with this.*

*Please insert your answer here for c).*

*No comments.*

*Please insert your answer here for d).*

*We would propose an addition to the template. Specifically, covering the use of a submitted CPO to demonstrate evidence of ability to secure land rights for TCPA CPO projects.*

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, we do not agree.*

*We believe that any project capable of demonstrating to NESO that it is actively progressing and can provide evidence of its proactive approach to securing land (such as through a Town and Country Planning application followed by Compulsory Purchase Order application) should be eligible to apply for Gate 2 when submitting their original planning consent application. For those projects that have 'Connection Point and Capacity Reservation', this would reduce the bilaterally agreed 'minimum reservation period' and thus allowing reserved capacity to be re-allocated sooner.*

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*This should apply regardless of regional differences with the various consenting approaches across the UK.*

### 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, the broad categories align with our expectations and NESO's new role as a strategic whole system operator.*

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

*Yes, but much more detail is needed regarding the evidence required. We emphasise that this must be proportional. Additionally, there is insufficient information on the level of evidence necessary to meet the designation criteria across all categories. NESO must strike a balance in its evidence requirements to ensure that the designation process does not become overly burdensome for applicants.*

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

*The process is logical; however, the lack of detail regarding evidence requirements makes it challenging to determine whether the process is practically feasible at this stage. For instance, if the evidence requirements entail the submission of detailed documents such as cost/benefit impact assessments or commercial contracts, we would question the stated timeframes for delivery, as well as NESO's capacity to adequately assess the evidence submitted as part of an application.*

*We note that NESO retains the right to designate projects at any point. We agree with this approach including designating projects at Gate 1 or later when a project has already progressed through Gate 2. In the former circumstance, we assume that a Gate 1 project that is designated would be allocated 'Connection Point and Capacity Reservation'.*

*Section 4.2 of the process includes an indicative process and timeline. We are of the opinion that the 5-7 month overall timeframe (excluding any appeal) will not allow projects to be designated as part of the initial CMP435 assessment of existing projects.*

*There is no detail included regarding the circumstance nor implications of designation being withdrawn by NESO. In this circumstance, it is assumed that it would not be possible to apply*



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*any contractual variations to projects that have benefited from designation, but their place in any connections queue (relative to other projects) could be affected.*

### 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 welcome NESO's ongoing efforts in connection reform and to align with CP30 ambitions. We fully support the NESO's principle of "First Ready, First Needed, First Connected" to optimise the future asset mix and best meet system needs. However, given the complexity of the issues, we have several concerns regarding the detailed implementation of proposals.*

**Alignment with Ofgem Regulatory Process for Interconnectors and Offshore Hybrid Assets (IC/OHAs):** *Linked to the issue above, NESO must ensure alignment between connections reform and Ofgem's regulatory assessment process for ICs/OHAs.*

**Beyond 2035:** *There is no detail about what happens to the connections queue beyond 2035 ahead of the Strategic Spatial Energy Plan that will set out what is "Needed" beyond 2035 is published in late 2026. There will inevitably be long lead time projects, including some of the projects that NGV has under active development that need the certainty of a committed connection date and connection site to avoid the risk of stalling (as outlined in Q3, 4, and 5). While there is little detail to what NESO propose for the connection queue beyond 2035, we feel that it is vital that strategic long lead time projects such as IC/OHAs retain a pathway via, for example, Project Designation or Gate 1 Capacity Reservation to retain such a committed connection point and date beyond 2035.*

**Sequencing and Timing:** *The timing (4 weeks) for reviewing, absorbing, and responding to such a significant consultation is inadequate. NESO should refine the methodologies based on feedback and conduct another consultation in Q1 2025 before implementation in H2 2025.*

**Dependence upon NESO:** *The Connections Reform package of changes relies heavily upon NESO to make the correct decisions about projects and their connections e.g. Project Designation, plus Connection Point and Capacity Reservation. Some decisions require input from TO's. There will be intense scrutiny upon the NESO administration teams and staff (many of whom have been recruited recently as part of NESO's drive to improve service and efficiency), and it will be necessary to apply the new process and rules to all existing connection agreements and many construction agreements. It would be helpful to understand how NESO plan to address the likely issues.*

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**Missing Details:** As outlined in various consultation responses, some elements of the Connections Reform package do not cover all circumstances. This includes a number of areas that specifically affect IC/OHA projects including Connection Point and Capacity Reservation (e.g. how the bilaterally agreed minimum contractual reservation period will be agreed, nodes, etc), and methodologies (e.g. the detailed evidence required for a project designation application). This will put significant strain on the NESO administration teams and adds risk to the successful implementation of the changes.

NGV will continue to engage with NESO beyond the consultation response. Given the concerns raised, we also anticipate subsequent iterations of the methodologies from NESO to comment on and incorporate our feedback.