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Connections Reform

Consultation Response Proforma

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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 checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector <input checked="" type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other
Is this response confidential?	<input type="checkbox"/> Yes – I do not wish for this response to be shared publicly; however I understand it will be shared with Ofgem <input type="checkbox"/> No – I am happy for my response to be available publicly

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Section 1 – Policy

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

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

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

Yes. Recognising the shift to a more strategically planned system, we believe it is key that the connections process starts from the Strategic Spatial Energy Plan (SSEP) and that the UK Government's Clean Power 2030 (CP30) Plan is used to resolve the existing queue of projects waiting to connect. Furthermore, we believe it is key that this 'shift' to a more strategically planned system is signposted to investors as early as possible so that they can make informed decisions.

We view the CP30 Plan as a 'stepping stone' to longer-term strategic plans (i.e. driving sustainable economic growth and delivery of whole economy decarbonisation by 2050) and it is important that reforms introduced today put us on a glidepath that is consistent with the longer-term direction of travel. The Gate 2 to Whole Queue exercise **must be a one-off exercise**; once accepted, project developers in receipt of Gate 2 offers must not be exposed to later retrospective change of this magnitude and nature.

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**

We agree that Gate 2 offers should only be awarded to projects that the system can accommodate and connect; this will give project developers and network companies the certainty they need to press on and progress. However, if the 'field' that forms the queue is narrowed too early, there is a concern that this may undermine / remove competition, which is critical to ensuring projects most aligned to consumer interests progress.

In the short-term, we don't believe this will be a substantive issue given that many (albeit not all) of the projects needed for 2030 will have already been subject to some form of competitive process by the time NESO awards Gate 2 offers at the end of 2025. However, going forward, we believe this is something that will have to be kept under review and possibly warrant further consideration.

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In terms of NESO Designated Projects and directly connected demand projects outside the scope of the UK Government's CP30 Plan, we are not clear how these 'fit' within the proposals or work in practice given that there is a finite amount of network capacity and, as per our understanding, the CP30 Plan will account for this network capacity in full. It is difficult to see how further projects (either NESO Designated or out-of-scope of the CP30 Plan) can be accommodated without impacting projects that are already committed to or been signposted via the CP30 Plan, or without weakening the incentives on NESO to deliver the Government's CP30 Plan.

Fundamentally, we believe the CP30 Plan should drive a system that can operate securely and deliver the technologies required. In addition, it is vital that demand projects are considered as well as generation so that decisions are made on a whole system basis.

However, given the nascency of this work and reform, we recognise that there may be circumstances that the CP30 Plan does not account for and for which we cannot wait until the SSEP to resolve. Where this is the case, we accept that it would be prudent to include provisions to 'intervene' in exceptional circumstances. Given the potential impact of any 'intervention' on the CP30 Plan, we believe this must be subject to Government approval.

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. A queue based on all 'ready' projects is similar to what we have today, i.e. a near-infinite queue of projects seeking connection to a finite amount of network capacity. One of the benefits of connections reform is that it flags this critical shift and recognises network capacity as a finite resource. Being open and transparent with project developers on what can connect where and when is key so that they can make informed decisions and stop investing in unviable projects early that will never get built out.

Notwithstanding this, we are mindful that if the 'field' that forms the queue is narrowed too early, this may undermine and / or remove competition, which is critical to ensuring the best projects progress. Going forward, how we maintain and foster this is something that we believe will have to be kept under review and possibly warrant further consideration. For example, whether application windows might need to be aligned with Government support contract rounds, or whether these windows need to be structured in such a way that enables project developers to see 'liquidity' in the system so that it encourages project developers to apply only when they are properly ready. Both the current arrangements and TMO4+ (as proposed) unhelpfully drive project developers to apply early for fear that network capacity will not be available when they actually need it.

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We previously considered an allocation mechanism that sought to reserve capacity for projects that tend to have shorter development times but in aggregate can make a material contribution, for example, short duration energy storage and projects connecting at distribution with transmission impact. Once the dust has settled on TMO4+, we believe there is merit in reconsidering an approach of this nature as it would go some way to changing behaviours and the risk profile for these projects.

We agree that a key aspect of connections reform today is avoiding material misalignment with the SSEP in the future. Our support for aligning connections reform with the Government's CP30 Plan is predicated on the CP30 Plan putting us on a glidepath that is consistent with achieving the SSEP and therefore avoiding sending parties investment signals today that are not aligned with the SSEP when it is published in 2026. Project developers that accept Gate 2 offers must not be exposed to retrospective change of the magnitude and nature proposed again.

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. As noted, the transition to net zero emissions across the economy by 2050 does not stop with achieving clean power in 2030. Therefore, we believe a 10-year time horizon to 2035 is a sensible and pragmatic approach to the queue that is more reflective of project planning timescales. However, it is vital that any decisions taken for 2030 or 2035 are consistent with a longer term 2050 view or we risk prioritising and locking-in a sub-optimal mix.

Similarly, it is not clear how this works in practice and what certainty can be given to projects coming forward in this 'phase 2' (2031–2035) given that network build out to 2035 will require regulatory approval. We are encouraged by Ofgem's renewed recognition (in its End-to-End review) that *"fundamental and enduring change can only be achieved by attacking / addressing all aspects of the connections problem: the connections process; enabling infrastructure delivery; and the enabling regulatory framework"*.

It is key that at the point of implementation of this new process, projects that accept Gate 2 offers have the detail they need and are able to rely on these contractual agreements. To give these assurances to projects out to 2035, we believe steps must be taken in parallel to expedite the regulatory framework and approvals process that will underpin any offers issued for this 2031–2035 period.

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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	
NESO's preferred option	SSE Energy Businesses' position
New queue formed of 'ready' projects aligned to the CP30 Plan + 'ready' projects not known about or outside the scope of the CP30 Plan.	<p>As set out in our response to Q2, it is difficult to see how this works in practice, unless the CP30 Plan 'holds back' network capacity for these 'contingency' purposes or for projects that are at a lower level of granularity than the CP30 covers, including demand and distribution-connected schemes. This is not clear currently but needs to be.</p> <p>Fundamentally we believe the CP30 Plan should be the 'blueprint' and the focus should be on ensuring this is as rounded and robust as possible. However, recognising the nascency of this work, if there is a need to deviate from the CP30 Plan, we believe this should require Government approval given it will have an impact on delivery of the Government's CP30 Plan.</p>
Ready demand projects in and out of scope of CP30 can be included in the queue.	Similar to above, it is not clear how additional projects out-of-scope of CP30 can be accommodated given finite network capacity and resources to deliver connections. However, to the extent that demand connections outside the scope of the CP30 Plan can be accommodated without undermining the delivery of within scope projects, we give our qualified support to this.
Limits based on project technologies / locations in scope of agreed plan (e.g., CP30 / SSEP)	We agree this is necessary to align delivery with system need and deliverable network capacity.
Potential substitution to meet undersupply in adjacent locations	We agree with this in principle. However, in practice, we think this will be difficult to achieve, both from a project developer perspective in terms of altering supply chain contracts, and from a networks' perspective in terms of being able to secure and deliver the enabling and local works to facilitate different projects' connections.

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Reserve bay and network capacity for undersupplied technology type	We agree with this in principle. However, it will be important to set out how this network capacity will be funded (in a cost-reflective manner) in the period until such Users come forward and the timescales that such reservations might be allowed to sit 'under-utilised' for. We believe strong incentives are needed on NESO to support provisions of this nature to ensure it adequately recognises the costs of this option.
No upfront attrition built in, but replacement of 2030 pathway(s) projects	<p>Being able to effectively and efficiently replace any projects in the CP30 Plan that are not progressing to delivery will be key, particularly given the tight timescales. However, there is a balance to be struck between expediency and exercising prudence.</p> <p>It must not be assumed that all projects can be equally and easily replaced. For example, not all projects will be able to bring forward their delivery programmes from phase 2 to 'plug' gaps in the phase 1 queue. We suspect this will be easier for some projects relative to others. We also suspect changes to network delivery programmes might impact the practicality of this aspect of the proposal.</p> <p>Therefore, when ousting projects from the queue, NESO needs to ensure this is not so bluntly applied that it terminates projects where the likelihood of delivery is still good and / or the risks of replacement are equally high / difficult.</p>
No replacement of 2035 pathway projects until SSEP1	<p>As a developer of generation and storage projects, we do not want arbitrary constraints on developing our project pipeline. But we also value certainty and we understand longer-term certainty is now contingent on the SSEP. Therefore, we are minded to agree with this proposal providing this 'hiatus' is time-limited and the SSEP is developed as a matter of urgency.</p> <p>However, where there is an oversupply of projects in an area at the time of conducting the Gate 2 to Whole Queue exercise (and not all projects can be awarded a Gate 2 offer), we think it would be flawed not to reallocate capacity to these initially unsuccessful Gate 2 to Whole Queue projects in the event that any of the 'original' projects subsequently exit the queue.</p>
Optimal use of the network	We believe this may be an area that warrants further consideration in a more strategically planned energy system to avoid potential distortions / unintended consequences.

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No reduction or reordering of the new queue because of SSEPI	We agree that the SSEP (once introduced) must not seek to remove or reorder any contracted projects that accept a Gate 2 Offer under the proposed reformed process.
CP30 alignment applies to T and some D (i.e., to D that is in scope of TMO4+)	We are minded to agree.
CP30 is spatially aligned	We agree; this is commensurate with the direction of travel and our expectations regarding the SSEP.
A combination of existing queue position and planning status is used to determine the new 'CP30-aligned' queue	We understand why radical change is needed to resolve the current connections queue. However, developers that have invested in good faith in projects under the current regime will inevitably be concerned by the use of relatively blunt criteria (which until now have not dictated a project's place in the queue) to decide which projects will make it and which won't. As a result of these new criteria and their binary application, 'good' projects that align with future plans will be lost. The number of good projects lost from the queue will ultimately determine the effectiveness or otherwise of this approach.

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

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

The three proposed new methodologies support NESO's preferred options. However, there are a number of practical considerations that need to be explored further to understand whether these work / result in a viable connections reform proposal. These include:

Any projects not accommodated within the CP30 Plan or out-of-scope – It is not clear how these projects can be accommodated through the measures set out in the methodologies (namely NESO Designation and Connection Point and Capacity Reservation) without adversely impacting on CP30 aligned projects and delivery of the CP30 Plan. However, we understand the rationale and give our caveated support to provisions of this nature, particularly given the nascency of this work. The caveat being that these interventions are subject to Government approval given the potential impact of these interventions on the delivery of the Government's CP30 Plan.

The iterative process for reaching robust Gate 2 offers – The process set out in the CNDM is that once the revised queue has been formed, NESO and the TOs will reassess these developer projects against the transmission reinforcement works already planned and identify any changes required to the delivery timescales of these works and / or any new network assets required before ultimately issuing Gate 2 offers.

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However, by late 2025, we don't believe the TOs will have certainty over, for example, planning or regulatory approval required to deliver the revised network assets to align with the new queue. What happens if the TO subsequently can't deliver this connection because it doesn't get the necessary approvals? Or the project developer can't accept its new Gate 2 offer because the revised terms make its project unviable? It is not clear what the iterative process is that ensures the Gate 2 offers put in place reflect the many 'moving parts' at this point in the process. Or indeed that the process to 'backfill' any gaps will be fair and transparent. Some of this becomes even more critical for project developers should the additional proposed financial instrument kick-in.

Firm connection offers beyond 2030 – Similar to the point above, whilst we support NESO's ambition to develop and maintain a project pipeline for a 10-year horizon out to 2035 (rather than capping this at 2030), we believe this requires urgent action to expedite the regulatory framework and approvals process that will underpin any offers issued for this 2031-2035 period.

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**

Extended protection provisions – The NESO has rightly committed to ensuring that developer projects already under construction and due to commission in 2026 or earlier will not be adversely impacted by aligning the queue to the CP30 Plan. But what about projects that narrowly miss this cut-off or are at a sufficiently advanced and key stage in their development programme where the introduction of this extended period of uncertainty over their connection offers (now until late 2025) risks derailing their delivery? This clearly runs counter to the intent of TMO4+, which is to enable those projects that are most ready.

We recognise the importance of keeping the number of 'protected' projects to an absolute minimum, but there needs to be scope to exempt further projects than just those already under construction and due to commission in 2026 if projects most-ready and critical to CP30 are to be delivered. Given the small numbers involved, it may be possible to do this on a case-by-case basis.

It is proposed that any project with a delivery date prior to 2030 that can demonstrate that it:

- Commenced construction prior to [the earlier of Ofgem's connection reform decision date or 31 March 2025];
- Is due to reach its Queue Management Milestone 7 (Final Investment Decision) [prior to Gate 2 offers being issued]; or
- Has a key Government support contract milestone [prior to Gate 2 offers being issued] that is commensurate with a significant uplift in that project's financial commitment, for

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example, a requirement to evidence 10% or more of its total project pre-commissioning costs,

must be able to come forward and make the case (and be eligible for consideration) as to why it requires exemption from the uncertainty caused by the transition to new Gate 2 offers in order to deliver its project by 2030.

Approach to Oversupply – Whilst the CNDM sets out the approach NESO will take in the event of undersupply (substitution and Capacity Reservation), the Methodologies are silent on how competing projects within a zone and for the same technology will be treated / selected in the event there is oversupply in carrying out the Gate 2 to Whole Queue exercise. Given the level of oversubscription within the current queue and ultimate driver for this work, this appears to be a key omission.

Also, we note that the proposed approach for the Gate 2 Tranches is for projects to be separated (and prioritised) based on the date and time their Gate 2 application was submitted. This feels reminiscent of the first-come, first-served approach we have at present.

In resolving oversubscription within zonal technology sub-queues (and given the focus on wanting to ensure projects taken forward are viable), we believe there may be merit in considering the track record of developers, particularly with regards to large-scale projects, and which projects offer best value to consumers. Linking to concerns set out elsewhere in this response, whilst this would previously have been taken care of through Government support contract rounds, there is a risk that the current process does not adequately filter or select projects on this basis.

We believe these are two key policy areas not adequately covered by the NESO's preferred options or its three Methodologies.

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**

Being able to effectively and efficiently replace any projects that terminate will be key, particularly given the tight timescales. However, the practicality of what is being proposed is questionable. Also, there is a balance to be struck between expediency and exercising prudence.

It must not be assumed that all projects can be equally and easily replaced. For example, not all projects will be able to bring forward their delivery programmes from phase 2 to 'plug' gaps

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in the phase 1 queue. We suspect this will be easier for some projects relative to others. We also suspect changes to network delivery programmes might impact the practicality of this aspect of the proposal.

Therefore, when ousting projects from the queue, NESO needs to ensure this is not so bluntly applied that it terminates projects where the likelihood of delivery is still good and / or the risks of replacement are equally high / difficult.

Separately, it is not clear how, in practice, projects for delivery in phase 2 (2031-2035) can be awarded full and detailed Gate 2 offers in late 2025 without parallel steps to expedite the regulatory framework and approvals process for network assets that will underpin any offers issued for this 2031-2035 period. We are particularly mindful of other measures that are likely to come forward as part of (or parallel to) this package of connection reform measures, i.e. financial instruments. If project developers are expected to put additional and significant value at risk at the point of Gate 2 acceptance, it is critical that they can rely on their contracted Gate 2 offers and do not run the risk of these being unpicked in the event that they do not align with what network companies can later deliver or the SSEP, for example.

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?

Throughout, we have been reluctant to use land rights as the criteria to cut back the existing queue given that land is also a finite and scarce resource. As such, using secured land to filter the queue, particularly as we move towards strategic plans, is vulnerable to parties buying and potentially hoarding land that is earmarked for development. This risks mirroring the problems we see today with regards to network capacity. Further, it pushes up prices with no benefit to the energy consumer. Indeed, we are already seeing evidence that this proposal is increasing landowner demands at both the option stage and on rents.

Also, we have long-since argued that land is not a robust determinant or filter for what projects should progress going forward. For example, when NGE SO held the stability Pathfinder process in Scotland, the issue appeared to be whether project developers could secure land close to the identified substation and not simply whether parties could secure land or not.

Notwithstanding this, we accept where this has ended up and agree that this staged approach will result in a reformed queue of projects in the short-term that is more commensurate with where we need to get to. Although the jury is still out on whether it will deliver the most efficient outcome, i.e. whether it will result in the most efficient use of scarce and finite network capacity

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given that this isn't factored into the process. Equally, developers that have invested in good faith in projects under the current regime will inevitably be concerned by the use of relatively blunt criteria (which until recently have not dictated a project's eligibility or place in the queue) to decide which projects will make it and which ones won't. As a result of these new criteria and their binary application, 'good' projects that align with future plans will be lost. The number of good projects lost from the queue will ultimately determine the effectiveness or otherwise of this approach.

However, beyond reforming the current queue and delivering the CP30 pathway(s), there is still a question in our mind of whether further changes will be required to establish a more enduring connections reform process that addresses the concerns that remain and sets the right incentives to drive an efficient method of network capacity allocation and the right project behaviours across the different technologies.

Separately, we are concerned that there are insufficient protections for the most-ready projects for whom the period of transition between the two regimes is potentially very damaging when clearly this isn't the intention. Please see our response to Q7 for detail on how the current proposed protections need to be extended further.

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

Gate 2 to Whole Queue – As we understand it, the intent is that projects that request advancement in the one-off Gate 2 to Whole Queue application window stand to benefit from being able to move between phases (i.e. from the 2031–2035 period to the pre-2030 period, or from the post-2035 period to the 2031–2035 period), but should not be able to 'jump' projects (of the same technology type) that also meet the Gate 2 criteria within that phase. We agree that projects that have not requested advancement, but continue to deliver against their original delivery programme, must not be adversely impacted by these proposals.

However, as proposed in the Connections Network Design Methodology, we believe there is a risk that this intention is not achieved in practice.

For example, let's consider two projects of the same technology that are assessed within the pre-2030 phase: one was always intending to deliver within that phase ('A'), the other requested advancement ('B'). Let's assume, based upon the CP30 Plan, that only one of these projects can get connected pre-2030. If the 'original' pre-2030 project (project A) had not initiated planning, but project B that sought advancement had, we believe the methodology would select project B and the original pre-2030 project (project A) would (at best) be 'bumped' to phase 2. The relative queue order would not kick-in to avoid this adverse impact on the 'original' pre-2030 project, project A.

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Further, this may present the opportunity for ‘gaming’. For example, projects could request advancement whilst already knowing that their advancement date cannot be met, simply to try to secure the earliest capacity available in that area. Again, this has the effect of adversely impacting projects that have not requested advancement but continue to deliver against their original delivery programme and supply chain.

We think this needs to change. It is suggested that the way to do this is to limit advancement as part of the Gate 2 to Whole Queue exercise to where there is an undersupply of that technology within that sub-queue against the CP30 Plan. This is the approach proposed for the Gate 2 Tranche and we believe this same approach needs to apply to the Gate 2 to Whole Queue exercise to avoid existing projects being adversely impacted by these proposals.

Gate 2 Tranche – As set out above, advancement in the Gate 2 Tranche is limited to when and where ‘gaps’ are created within the Gate 2 sub-zonal technology queues. Where this occurs, we understand that NESO, working with the relevant TO, DNO or Transmission-connected IDNO, will review which project behind the exiting project is most suitable to advance. We see the logic in this from the perspective of minimising the impact on other projects in the queue. However, it is key that any opportunities for advancement are open to all projects behind the exiting project and that decisions taken by NESO and the relevant TO, DNO or Transmission-connected IDNO are both transparent and just.

Addressing the risk to projects that request advancement – Notwithstanding the concerns set out above, given the potential risk to project developers that seek advancement, i.e. the foregoing of their existing connection date, we believe only those projects with the least to lose (i.e. a very late connection date) will ‘risk’ this. We understand why this is NESO’s proposal given the resource and time constraints of running iterations of the design process. However, we think this will stifle many of the more viable and desired advancement requests.

We think a better way to manage this would be to require those projects whose advancement requests can be successfully accommodated by the system to surrender their existing queue position (as proposed). However, for those projects whose advancement requests cannot be accommodated by the system, we believe they should preserve the right to their ‘original’ queue position. Assuming that NESO and the relevant TO must, from a network design perspective, assess projects sequentially, i.e. projects requesting advancement must be considered before those same projects would otherwise have been assessed had they not sought advancement, we believe this works and provides a more reasonable process that strikes the right balance between encouraging advancement without inviting facetious advancement requests.

Building on this further, where there is a ‘tie-break’ situation, we believe there may be merit in prioritising those projects that drive the least enabling works (taking into account supply chain availability, both from a networks and developer perspective).

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Notwithstanding the above, as a minimum, it is imperative that NESO makes available as much information as possible regarding the zonal technology sub-queues prior to the first window so that project developers can make informed decisions regarding the opportunity and likelihood of advancement.

In the event NESO does not revise its approach in line with our proposal above, where it is not possible to advance a project because sole use works are on the critical path, NESO should make these projects aware of this as quickly as possible and projects must not risk forfeiting their existing offer in this process.

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

As we understand it, Connection Point and Capacity Reservation at Gate 1 can either be for: (i) a specific, already identified project that hasn't met the Gate 2 criteria; or (ii) a more general recognised need, for example, known offshore leasing rounds or an undersupply against a sub-zonal technology 'bucket'. We think this may also (perhaps in time) extend to developer projects that seek more certainty prior to accepting a Gate 2 offer, particularly if and when stronger financial instruments are introduced and behaviours change with regards to securing connection offers.

Therefore, we agree there is a role for Connection Point and Capacity Reservation at Gate 1 to ensure allocation of scarce network capacity aligns with the CP30 (or future) pathway(s). However, the definition of what constitutes an eligible project for Connection Point and Capacity Reservation at Gate 1 is poorly-defined in the CNDM and leads us to believe that, as drafted, this is wider than delivering the CP30 Plan (or future plans). Further, it is difficult to ascertain how this is different from NESO's proposals relating to 'designation', and whether NESO designation is contingent on the corresponding Connection Point and Capacity Reservation.

Notwithstanding this, as set out elsewhere in this response, we understand the rationale and give our caveated support to including provisions of this nature within the process, particularly given the nascency of this work. The caveat being that where such interventions are not aligned with the Government's CP30 Plan, these are subject to Government approval.

Separately, where there is a clear role for Connection Point and Capacity Reservation, i.e. where it fosters and facilitates CP30 alignment, it will be key to understand how the costs associated with this reserved capacity will be funded. The assumption is that this cost will be spread across all consumers (as they would be the beneficiaries of this decision) through commensurate TNUoS charges. However, it is key that this is not seen as a 'free option' for NESO.

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NESO should be exposed to its decisions around Connection Point and Capacity Reservation to ensure these additional costs are appropriate and efficient.

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

The approach to reallocating capacity when projects fall out of the queue is key.

For phase 1 (2025–2030), where NESO intends to work with the relevant TO, DNO or Transmission-connected IDNO to review the projects that are behind the exiting project in the queue and identify which is the most suitable to reallocate the capacity to, there is little to no detail provided in the Methodologies on how NESO would do this.

Whilst we agree that this approach is likely to minimise disruption to the overall queue, the methodology and the terms regarding how this is applied must be published, transparent and visible to all stakeholders. It must also be open to all projects behind the exiting project (i.e. not just those that NESO and the network companies see fit to advance) and both fair and just. For example, if the gap to fill is for a 300 MW project and the next project in the queue is 600 MW, the 600 MW project must be given the option to reduce its project to 300 MW.

Further, it must not be assumed that all projects can be equally and easily replaced. For example, not all projects will be able to bring forward their delivery programmes to ‘plug’ gaps in the queue. Similarly, supply chains are often inflexible owing to resource planning / commitment and long lead-time items, particularly when supplies are tight and costs are at their highest. We suspect this will be easier for some projects relative to others. We also suspect changes to network delivery programmes might impact the practicality of this aspect.

Where projects exit phase 2 (2031–2035) (and don’t simply advance from phase 2 to phase 1), capacity won’t generally be reallocated. As a developer of generation and storage projects, we do not want arbitrary constraints on developing our project pipeline. But we also value certainty and we understand longer-term certainty is now contingent on the SSEP. Therefore, we are minded to agree with this proposal providing this ‘hiatus’ is time-limited and the SSEP is developed as a matter of urgency. However, where there is an oversupply of projects in an area at the time of conducting the Gate 2 to Whole Queue exercise (and not all projects can be awarded a Gate 2 offer), we think it would be flawed not to reallocate capacity to these initially unsuccessful Gate 2 to Whole Queue projects in the event that any of the ‘original’ projects subsequently exit the queue.

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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) Land

Throughout the development of TMO4+, we have been reluctant to use land rights as the criteria to cut back the existing connection queue given that land is also a finite and scarce resource. As such, using secured land to filter the queue, particularly as we move towards strategic plans, is vulnerable to parties buying and potentially hoarding land that is earmarked for development. This risks mirroring the problems we see today with regards to network capacity. Further, it pushes up prices with no benefit to the energy consumer. Also, we have long-since argued that land is not a robust determinant or filter for what projects should progress going forward.

Notwithstanding this, we accept where this has ended up and agree that this staged approach will result in a reformed queue of projects in the short-term that is more commensurate with where we need to get to.

Specifically, we would encourage NESO to ensure that the land criteria are open to recognising the different relationships that can exist between Users and the customers / clients that they are developing the connection on behalf of. It may be that landowners cannot enter into an agreement with the User (i.e. the counterparty to the connection agreement) for the right to buy or lease their land if the User himself is not the party developing the 'project'.

(b) Planning

We welcome this change within the process, i.e. for projects that go down the DCO planning route to have the option to use their application for planning consent as a viable alternative to securing land in meeting the Gate 2 criteria.

However, we note that projects choosing to go down this route are still required to maintain compliance with Queue Management Milestone 3 (QM M3) (secured land rights). This pre-dates QM M1 (initiate consents). As such, this appears to undermine the introduction of this alternative route. The DCO route is meant to recognise project developers that seek land rights later in their development process (e.g. projects that need to go through the DCO process to obtain land rights through the use of compulsory purchase order powers). Therefore, the idea that they still need to meet their QM M3 before their QM M1 feels counterintuitive and suggests projects choosing this route would need to meet QM M1 earlier than most. Given that the DCO route is a more onerous route in any case, it is suggested that projects following this route do not have to meet QM M3 in the same way but rather are deemed to have complied with QM M3.

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(c) Evidence Assessment

It is suggested that all Users are afforded the opportunity to resolve any technical issues with their Gate 2 evidence, i.e. that this opportunity is not limited to those that submitted early in the Gated Application Window.

Separately, whilst we welcome the re-iteration of the appeal route to dispute NESO's decision on Gate 2 readiness, it is not clear how disputed projects will be treated if it subsequently turns out that NESO made the wrong call. For example, how are they re-instated into the Gated Design Process? And, if so, how does this impact projects already in the queue whose connections should / could be impacted?

(d) Self-Declaration Templates

No comments at this time.

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

Yes, we believe it is appropriate to limit the Planning route to projects that go down the Development Consent Order route.

Project Designation Methodology

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

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

We are conscious that *"NESO only envisages designating projects in exceptional circumstances, where those projects demonstrate that they meet the detailed criteria set out in this Project Designation Methodology"*.

Fundamentally, we believe the CP30 Plan should drive a system that can operate securely and deliver the technologies required and, as such, we do not believe there should be the need for NESO to have additional powers to designate projects or reserve capacity for projects that are out-of-scope of the CP30 Plan in between Government determined plans.

However, given the nascency of this work and reform, we recognise that there may be circumstances that the CP30 Plan does not account for and for which we cannot wait until the

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SSEP to resolve. Where this is the case, we give our broad and caveated support to provisions that enable ‘intervention’ in exceptional circumstances. The caveat being that interventions of this nature should be subject to Government approval given the potential impact of these interventions on the delivery of the Government’s CP30 Plan.

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

Please see response to Q15. Fundamentally, given the impact of designation on the Government’s CP30 Plan (and its deliverability), we believe Government would need to assess and approve the need for any designated projects.

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

Please see response to Q15. Fundamentally, given the impact of designation on the Government’s CP30 Plan (and its deliverability), we believe Government would need to assess and approve the need for any designated projects.

More specifically, in terms of the proposed approach for candidates seeking designation ahead of the Gate 2 to Whole Queue exercise, we would suggest the timescales appear very tight. Given NESO recognises that applications made during a Gate 2 window may not allow NESO to make its decision in time for the Gate 2 strategic alignment criteria, this would suggest that projects considering applying for designation in the first application window in Q2 2025 (and only able to do so during the Gate 2 window) run the risk of not meeting the overall Gate 2 criteria within that Gate 2 window.

Additional Questions

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

Legal Powers and duties – It is vital that the actors in the overall process have the legal powers to carry out the roles assigned to them. Most obviously, reallocating network capacity will create winners and losers, and the losers may be litigious. The person, presumably NESO and or network operators, reordering the queue will need the clear power to do this. We think this almost certainly needs to be in primary legislation. Similarly, in a world where we want to accelerate delivery of linear infrastructure and energy projects, landowners will perceive distressed buyers and seek to extract higher revenues, including from network companies. As a result, network companies’ powers to secure land may need to be strengthened to mitigate against unacceptable costs to energy consumers. Also, actors’ current legal duties need to be tested against this new world. For example, network operators’ licence duty to run an efficient

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and coordinated network may be incompatible with being required to follow an investment plan set by Government.

Approach to Oversupply – Whilst the CNDM sets out the approach NESO will take in the event of undersupply (substitution and Capacity Reservation), the Methodologies are silent on how competing projects within a zone and for the same technology will be treated / selected in the event there is oversupply in carrying out the Gate 2 to Whole Queue exercise. Given the level of oversubscription within the current queue and ultimate driver for this work, this is a critical omission.

In resolving oversubscription within zonal technology sub-queues (and given the focus on wanting to ensure projects taken forward are viable), we believe there may be merit in considering the track record of developers, particularly with regard to large-scale projects, and which projects offer best value to consumers. Whilst this would previously have been taken care of through Government support contract rounds, there is a risk that the current process does not adequately filter or select projects on this basis.

Alignment with Government support contract rounds – At the point of implementation, the status of existing projects' connection offers is not clear and, as such, the ability of project developers to rely on these contracts for the purposes of participating in Government support contract rounds needs clarification.

Further, in both 2025 and future years, it is key that this new connections process does not disrupt or undermine Government support contract rounds, including Contract for Differences (CfD) auctions and Cap and Floor mechanisms. We would urge NESO and Government to give early clarity on this and how the two will dovetail together going forward.

New Modification Application guidance – We are mindful that reference is made to new Modification Application guidance, but this is yet to be shared. For existing projects, understanding how Modification Applications will be treated under this new process (and what constitutes a new application versus a modification to an existing application) is key. It is vital that this is shared (and consulted upon) with Users as soon as possible to allow them to make timely decisions ahead of the first application window in 2025.

Longer-term – The current package of proposals is, in our mind, primarily focused on reforming the existing queue, i.e. addressing the oversubscription of developer projects that has accumulated under the current process and now become urgent. We support connections reform and are, overall, supportive of radical intervention. However, in needing to resolve at pace, this has naturally resulted in some aspects of the current proposals falling short. Going forward, we believe there are areas that need to be kept under review and possibly warrant further consideration. For example, whether application windows may need to align with

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Government support contract rounds or whether further incentives are needed to drive project developers to join the queue at the 'right' time.