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Connections Reform

Consultation Response Proforma

Your feedback is important to this process. Please take this opportunity to provide any feedback that you may have. To aid your response, each question is linked back to the relevant document for ease of reference.

Please provide your feedback using this Proforma and sending an electronic copy to box.connectionsreform@nationalenergyso.com by **5pm** on the closing date of **2nd December 2024**.

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

Respondent Details	
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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 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 checked="" type="checkbox"/> 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?

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

Yes, in principle, but with significant qualifications related to:

- *Transparency of data*
- *Treatment of projects*
- *Timing and resource*

Transparency of data

It is vital that NESO also provides industry with the connections data that its Advice to Government was based on. Such transparency is necessary to build trust in the veracity of the Advice and of the Plan that will follow. We have concerns over the accuracy and credibility of some of the connections data shared in the ‘Draft Data Assessment 2024’. This is the developers’ first exposure to the regional technology pot pathways for their projects and they may immediately start making strategic decisions on changing the pace of development. Some investors with a negative outlook may pause or slow their development while others may seek to accelerate to gain an advantage over other projects fitting into a technology pot.

Initial feedback included:

- *ENWL / SHEPD / SSE – unusually low contracted levels not in sync with Embedded Capacity Register*
- *Offshore wind in East Midlands and UKPN South?*
- *Very high solar need shown in SSE, UKPN East, NGED Wales, South West and Midlands is contradictory to developers’ experience of projects in these areas (if we’d applied for grid in these locations in recent years we would not get an offer until >2030.)*

Furthermore, we note that seemingly undersubscribed need might now trigger a wave of new grid applications in those regions.

The lack of regional split for technology need from 2031 to 2035 also provides no reassurance that a longer-term opportunity for a project exists.

Treatment of projects

Credible projects must not become the collateral damage of applying the Gate 2 process to the whole queue. A balance must be struck in accelerating connection times and minimising damage to investor confidence.

We have read NESO’s note that it will “ensure that projects already under construction and due to commission in 2026, or earlier will not be adversely impacted by aligning the queue to the CP2030 plan,” and we understand NESO may be reticent to change this wording because it is concerned that a large number of BESS projects may seek to get over the line, which would skew the pathway to 2030.

However, the bigger risk is that developers who have invested substantial sums in good faith in credible projects have their grid connection rescinded due to this change in process. We note that NESO is encouraging the Government to include a 2031-2035 pathway in the Clean Power Plan to avoid a hiatus in investment. We welcome this, but it is equally as important to get right the treatment of credible developed projects that are aiming for FID in 2026/27 to construct in 2027/28 and commission in 2028/2029/2030. These projects will have a pre-2030 connection date and will already have submitted or secured planning. We also highlight that a large proportion of these projects will have a form of Government support associated with them e.g. CfD, CM, HARI.

We appreciate a balance must be struck and so we propose that NESO expand on the definition of 'in construction' projects and extend the timeline that developers are allowed to construct in. Furthermore, the most developed of the most needed technology must not be delayed through this process. We provide further detail in response to Question 5.

We also note that NESO recommends treating hybrid projects in line with system behaviour and, for the most part, treating different technologies using one grid connection as separate projects when applying to Gate 2. While we understand the reasoning for this, it does not consider the interdependencies between technologies for the development of the whole project. The following three examples show the challenges with this approach:

- A developer may be pursuing a hybrid solar and BESS project. In a scenario where the solar element is successful at Gate 2, but the BESS element is not, the project could become unviable.*
- A developer may be constructing a phased project. In a scenario where Phase 1 of 150MW solar project is successful but Phase 2 of 50MW solar is not, the project could also become unviable.*
- A developer of another phased project may currently have 900MW of secured capacity and 600MW of options already in place for Phase 1 and 2 of a project, with 300MW left to secure for Phase 3. There is no concern about the securing a land option for Phase 3, but timing of the project means it makes no sense to do it too far in advance. Under the new approach, Phase 3 will fall back to Gate 1. Again, the project could become unviable because all three phases are needed to pay towards the £5 million grid connection.*

In all three scenarios, MWs NESO had presumed would be built are either delayed or not built at all.

Again, we understand the theory for NESO taking the approach it has outlined for hybrid projects to align with regional need, but it needs to avoid the risk of disabling these kinds of projects that have wider system benefits.

One solution would be for NESO to say that if one element of a hybrid project qualifies, all elements qualify. While this would be simple, we understand that it could limit NESO's control. A second solution could be to apply a percentage qualification. For example, if 50% or more of a project qualifies, the whole projects qualifies.

Irrespective of which option NESO explores, we believe that in situations where the first stage of a project is already in construction, the whole project should be allowed to progress into through Gate 2.

Timing and resource

We understand a revised target means that no time can be lost, and we welcome the sense of urgency within NESO, however, the consultation exercise has been extraordinarily quick with little time and incomplete detail to fully understand the process and assess the impact on projects. There are also multiple workstreams underway with DESNZ, Ofgem and NESO leading interchangeably and frequent uncertainty about how activities align. For these reasons, we ask that NESO:

- *Clarifies the implementation date for Gate 2 process and gives adequate time to consider the responses from industry to this consultation so that the details are right to protect the most developed projects.*
- *Informs developers with existing Agreements of their relative place in the queue before the end of Q3 2025 and confirms revised offers are issued by the end of 2025 at the absolute latest.*
- *Offers reassurance that there will be sufficient resource with NESO and Government to keep pace with the timetable it has set out without compromising good decision making. In parallel the DNOs and TOs must have resource to manage the process, and reissue offers and there must be a way to contact and raise queries and challenge inconsistencies.*
- *Provides urgent, and regular clarity, on how the timetable of connections reform aligns with other programmes. For example, quickly setting out the timing for identifying Designated Projects and ensuring this aligns with plans to open the first allocation window of the Cap and Floor mechanism in Q2 2025 to catalyse a new wave of LDES projects to support the achievement of Clean Power 2030. Also ensuring the timeline does not impact CfD (AR7 and AR8 in particular). These are critical to hitting CP2030 targets.*

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)?

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

We agree that of the three options, Design 2 is preferred but we have provided feedback on areas where we believe there is an opportunity for improvement.

Alignment with Government’s Clean Power 2030 Action Plan

Developers with existing offers need to know their place in the queue as quickly as possible to avoid a chilling effect on investment. It should be possible for a developer to apply for Gate 2 and to be told by NESO where their project is in relation to others/how the MWs are stacking up before the end of Q3 2025. Providing the developer with a reasonable understanding of where they are in the queue compared to others, prior to the sifting exercise and to a revised grid connection offer being formally made, will help avoid the risk of a hiatus in development happening as investors pause project spend for the year that NESO has said will be necessary to complete the exercise.

In relation to forecasts projects where planning has been submitted should not be considered in the same way as projects with a land option. NESO’s data assessment found that of those projects in the queue 18% had achieved planning and 38% had has planning submitted, a signal that network planning should account for this readiness in forecasting need.

We provide further feedback on Readiness in response to Question 9.

NESO Designated Projects

Statkraft is developing a Pumped Storage Hydro (PSH) project close to Loch Ness to support efforts to increase Long Duration Electricity Storage in the UK. The consented project, which has a grid connection date in 2028, has seen its development programme slowed down by a delay in the delivery of the Cap and Floor financial support mechanism. We have been told to expect the detail of the scheme to be agreed by the end of February 2025 at the latest and for first allocation window to open in Q2 2025, but now our grid connection is potentially in jeopardy as a result of these reforms. Our initial assessment of NESO’s Clean Power 2030 Advice is that the storage figures for Region 1 do not include PSH, and that our route to demonstrating strategic alignment with the Government’s plans will be through Designated Project status. Whilst we are confident that we meet at least 3 of the 5 criteria for Designated Project, we are worried about the timing of the process.

NESO has said that the process for securing Designated Project status will normally take 4-5 months, but it is looking to expedite the timeline as the Gate 2 process goes live. We welcome NESO’s acknowledgement of the need to early clarity and ask that the detail of the compressed timeline is provided as quickly as possible and that it corresponds with timetable for delivering the Cap and Floor mechanism.

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We provide further feedback on Designated Projects in response to Question 15-17.

Directly connected demand projects

We are concerned that there is no mention of hydrogen in the Designated Project Methodology as a technology option to help manage system constraints but that has very long lead times. We believe that identification as a Designated Project could provide hydrogen projects with the option to apply for Project Advancement which could accelerate their development and have a material benefit on the system.

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, we do not agree with Design 3, but adequate projects must be included in the plan to allow for attrition

4. Do you agree that the reformed connections queue should initially focus on the 2035 time horizon?

You can find the relevant information in **Section 4 – Key building blocks for aligning connections to strategic energy plans**

Yes, we agree.

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**

In response to NESO's preferred options set out in Appendix B of Section 7, we agree with those highlighted for variables 3-5 and 8, whilst noting again that it is vital for NESO to:

- Publish the data on which Clean Power 2030 Advice was given
- Give clarity on the implementation date for the Gate 2 process and provide adequate time to consider the responses from industry to this consultation so that the details are right to protect the most developed projects

- *Exempt from the Whole Queue exercise any project that is able to prove it has reached Final Investment Decision by the implementation date of these changes and has a grid connection date before the end for 2030*
- *Avoid an investment hiatus and slowdown in project development through consideration of exempting from the Whole Queue exercise any other project that has a grid connection date before the end of 2030 and has submitted planning or has secured a Government-backed contract. (Government may choose to apply this approach differently to different technologies depending on oversubscription. For example, onshore wind and solar continue with any grid connection date up to 2030 whereas short-duration storage may be set at an earlier year to prevent an excess of that faster moving technology type.)*
- *Consider amalgamating some regional zones so pot targets are less prescriptive and restrictive to allow flexibility for switching need. (The preference to connect at distribution level is understood but may be unrealistic and so the switching of need between distribution and transmission may need to be allowed at an earlier stage.)*
- *Provide developers with existing offers sight of their place in the queue by Q3 2025 and new offers by the end of 2025 at the latest*
- *Treat in the same way at Gate 2 all projects that don't currently have a land option, but have invested and submitted a planning application as those that have land options*
- *The timetable for identifying Designated Projects needs to be accelerated/adjusted to avoid any further delay in the delivery of much-needed LDES or impact on other mechanisms such as the CfD, CM or HAR*
- *Avoid disabling the development of hybrid projects that may be connecting different technologies/on different timeframes and will be split by this process*
- *Be adequately resourced along with DESNZ, the DNOs and TSOs to keep pace with the timetable set out.*

Additional feedback is focused on Variables 5, 6 and 7.

Variable 5: Approach to undersupply

We do not think that reserving bay and network capacity for severely undersupplied technology types will be effective as there will probably be a reason for the lack of volume. Developers will have tested the system where there is grid, and may have found it very difficult/impossible to in that location for the undersupplied technology. We note that changes are being made to planning policy, but we doubt they will be sufficient in scale to change this situation.

Variable 6: Approach to project attrition

We disagree with NESO not building in an attrition rate and think this will make queue management more difficult. It is highly likely that there will be attrition of projects from the pots, even with the new Gate 2 process in place. For example, the current consenting rate for S36 projects in Scotland is approx 75%. The proposal to pull projects forward from the 2031-

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2035 pathway has two risks associated with it. First, there is no guarantee that projects working to a 2031-2035 timeline will be able to accelerate in the time made available to them to meet the 2030 deadline, reducing the volume of projects available to backfill. Second, if projects are able to move to 2030, NESO risks depleting the volume of projects in the 2031-2035 pathway, storing up problems for the future.

Building in an attrition level reduces these risks. This level should be based on analysis of planning status. Projects that have planning consent are more likely to be constructed than projects that only have a land option and/or planning submitted, for example. By looking at the overall pipeline of projects and their planning status, NESO should be able to calibrate an average attrition level between 10 and 30%

Variable 7: Optimal use of the network

We agree that it is sensible for NESO to try to maximise connections at a distribution-level first, but we question whether there are enough distribution connections in parts of the country to make this viable. For example, NESO's analysis suggests that it is possible to connect 8GW of solar UKPN East regions which is 5GW more than the contracted queue. This is a very significant uplift in an area where developing solar is challenging not least because of the lack of grid infrastructure to make new connections. This is not to say it cannot be done, but it is a case in point to show that there needs to be a lot more coordination between DNOs, NESO and Ofgem to realise this level of ambition. Encouraging rather than discouraging hybrid connections must form part of this response.

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 methodologies are set out to support the options against the variables but lack enough to avoid unintended consequences against the plan. We have suggested that the options around over and undersupply may need developing and more flexibility to account for attrition of projects in each regional technology pot.

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**

We refer to our response to Question 5 and the concerns we have about:

- The effectiveness of reserving bay and network capacity in areas of severe undersupply when there are reason for this undersupply that cannot be solved by reservation.

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- Not building in an attrition level into the process when it is known that projects will drop out.
- Over-relying on distribution level connections when this is a major challenge in parts of the country.

We note again that again that it is vital for NESO to:

- Publish the data on which Clean Power 2030 Advice was given
- Give clarity on the implementation date for the Gate 2 process and provide adequate time to consider the responses from industry to this consultation so that the details are right to protect the most developed projects
- Exempt from the Whole Queue exercise any project that is able to prove it has reached Final Investment Decision by the implementation date of these changes and has a grid connection date before the end for 2030
- Avoid an investment hiatus and slowdown in project development through consideration of exempting from the Whole Queue exercise any other project that has a grid connection date before the end of 2030 and has submitted planning or has secured a Government-backed contract. (Government may choose to apply this approach differently to different technologies depending on oversubscription. For example, onshore wind and solar continue with any grid connection date up to 2030 whereas short-duration storage may be set at an earlier year to prevent an excess of that faster moving technology type.)
- Consider amalgamating some regional zones so pot targets are less prescriptive and restrictive to allow flexibility for switching need. (The preference to connect at distribution level is understood but may be unrealistic and so the switching of need between distribution and transmission may need to be allowed at an earlier stage.)
- Provide developers with existing offers sight of their place in the queue by Q3 2025 and new offers by the end of 2025 at the latest
- Treat in the same way at Gate 2 all projects that don't currently have a land option, but have invested and submitted a planning application as those that have land options
- The timetable for identifying Designated Projects needs to be accelerated/adjusted to avoid any further delay in the delivery of much-needed LDES or impact on other mechanisms such as the CfD, CM or HAR
- Avoid disabling the development of hybrid projects that may be connecting different technologies/on different timeframes and will be split by this process
- Be adequately resourced along with DESNZ, the DNOs and TSOs to keep pace with the timetable set out.

We believe that with adjustment the new connections process can avoid negative impacts on investor certainty and confidence. Without amendments, there is the risk of developers slowing down spend on credible projects that could collectively lead to Clean Power 2030 being missed. We know this is not the intention of NESO and the proposals outlined, but this could be the unintended consequence.

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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**

No, as set out in response to Question 5, we disagree with NESO not building in an attrition rate and think this will make queue management more difficult. It is highly likely that there will be attrition of projects from the pots, even with the new Gate 2 process in place.

The proposal to pull projects forward from the 2031–2035 pathway has two risks associated with it. First, there is no guarantee that projects working to a 2031–2035 timeline will be able to accelerate in the time made available to them to meet the 2030 deadline, reducing the volume of projects available to backfill. Second, if projects are able to move to 2030, NESO risks depleting the volume of projects in the 2031–2035 pathway, storing up problems for the future.

Building in an attrition level reduces these risks. This level should be based on analysis of planning status. Projects that have planning consent are more likely to be constructed than projects that only have a land option and/or planning submitted, for example. By looking at the overall pipeline of projects and their planning status, NESO should be able to calibrate the attrition level between 10 and 30%

Connections Network Design Methodology

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

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

We have sought to answer the sub-questions asked by NESO in the Connections Network Design Methodology slide deck.

Do you agree with the three categories for sorting projects?

While we agree with the three categories of Planning Obtained, Planning Submitted, and Land Rights for sorting projects, we also believe Planning Submitted should be a sole qualification for Gate 2 in lieu of a Land Option, and this should not be restricted to DCO projects.

A developer who has Planning Submitted but currently has no option or who has not achieved full Land Energy Density from Land Options should not, as a rule, have their project viewed by NESO as a speculative application and wasted as part of Clean Power 2030 delivery. A developer who has made a financial commitment and has a viable project could provide a

Public

landowner signed Exclusivity Agreement or signed Heads of Terms or a letter from the landowner acknowledging the project and developer relationship.

We understand that NESO is concerned that extending Gate 2 criteria to Planning Submitted for all projects could lead to a rush of applications. We think this is a low risk compared to the risk of viable projects not making it through Gate 2 and it can be overcome by putting a deadline in place. For example, the planning application had to be submitted on or before 5th November 2024 when NESO published its proposals and developers could be expected to be aware of the changes put forward.

There are circumstances when a Land Option may not be entered into due to the death of a landowner and/or estate planning. NESO has proposed that if one of many parcels of land is in probate, this will not be detrimental to the project. We support this revision but firmly request this should be extended to one parcel of land or any number of parcels which might make up a project as the whole project may be subject to probate. A developer can provide evidence of the legal status and if the developer has continued to Milestone 1 planning submission then this is further proof of investment and progress of a real project.

Do you believe Phase 2 should remain in the existing relative queue order?

We agree that Phase 2 should remain in the existing queue order, with the pot filled up first and then a project's place determined by its relative place before the Whole Queue exercise. It would be overly complicated to reorder the queue entirely and it is better to focus on removing slower projects.

Do you support either of the alternatives?

No.

We also have the following feedback:

- While it is helpful to see the zonal sub-queues per technology, as previously mentioned the information appears to be inaccurate and contains errors.
- This is not the experience of developers, and it illustrates why it is important for NESO to publish the data that sits behind the Clean Power 2030 advice as well as illustrating the limitation of reserving bays and capacity.
- We agree that pathways should be set to the upper end of the Clean Power 2030 range in each zone, but believe there is still a need to build in an attrition level. The attrition level in each region is likely to differ according to the mix of technologies and their planning status.
- We are concerned that NESO is limiting its reassurance of no adverse impact to projects that have met Gate 2 and are already under commission or due to commission in 2026 or earlier. As set out in response to Question 1, we believe NESO should exempt from the Whole Queue exercise any project that is able to prove it has

reached Final Investment Decision by the implementation date of these changes and has a grid connection date before the end for 2030. To avoid an investment hiatus and slowdown in project development, NESO should also consider exempting from the Whole Queue exercise any other project that has a grid connection date before the end of 2030 and has submitted planning or has secured a Government-backed contract. (Government may choose to apply this approach differently to different technologies depending on oversubscription. For example, onshore wind and solar continue with any grid connection date up to 2030 whereas short-duration storage may be set at an earlier year to prevent an excess of that faster moving technology type.)

- *Treating hybrid projects that use one grid connection as distinct projects does not consider the interdependencies between technologies and puts viable MWs that will support progress towards Clean Power 2030 at risk. One option would be for NESO to say that if one element of a hybrid project qualifies, all elements qualify. While this would be simple, we understand that it could limit NESO's control. A second option could be to apply a percentage qualification. For example, if 50% or more of a project qualifies, the whole projects qualifies. Irrespective of which option NESO explores, we believe that in situations where the first stage of a project is already in construction, the whole project should be allowed to progress into through Gate 2.*
- *The timetable for identifying Designated Projects needs to be accelerated/adjusted. NESO has said that the process for securing Designated Project status will normally take 4-5 months but it is looking to expedite the timeline as the Gate 2 process goes live. We welcome NESO's acknowledgement of the need to early clarity and ask that the detail of the compressed timeline is provided as quickly as possible and that it corresponds with timetable for delivering the Cap and Floor mechanism.*
- *The proposal to extend Transitional Arrangements to Mod Apps is unnecessary. We understand this is an attempt to stop a mass of BESS projects switching to another technology, but the Mod App process already gives NESO the power to decline the request. This, combined with milestone dates, should be sufficient to control a mass migration of technology and so we suggest that, provided a Mod App is accepted before Gate 2, the project should not be subject to a revised offer.*

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

We agree with the process set out by NESO but note it is likely that a lot of developers will ask for an advancement in a bid to secure a connection before 2031. To help NESO prioritise, we suggest that projects that have Planning Submitted prior to the application for advancement should be prioritised. Projects that have not submitted planning before the Gate 2 offer confirmation (currently scheduled for Q3 2025) are unlikely to be able to connect before end 2030.

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

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While we agree to some extent with the proposal on reserving Connection Points and Capacity at Gate 1 and including project specific bay reservation to extend beyond the pathfinders, we are concerned this would introduce unfair prioritisation of some types of projects over others. We recognize one of the reasons this concept has been introduced is to mitigate the circularity where projects like interconnectors and Offshore Hybrid Assets are unable to meet Gate 2 criteria until they have a confirmed connection site and are unable to know their connection point until they have met Gate 2 criteria. While the reservation is beneficial to avoid this situation, this may result in undue discrimination against projects that would otherwise meet Gate 2 criteria and fit the strategic alignment.

Although we are not opposed to reservation for undersupply against CP30 pathways, we do not think that reserving bay and network capacity will be effective as there will probably be a reason for the lack of volume. Developers will have tested the system where there is grid, and found it very difficult/impossible to secure planning for the undersupplied technology. We note that changes are being made to planning policy, but we doubt they will be sufficient in scale to change this situation.

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

The current plan does not account for attrition and support a reserve of projects ready to replace them. There has always been attrition – NESO previously quoted the level at c. 60% – and there will always be, so it seems unrealistic and damaging to not account for it. It could also be argued that there is more chance of attrition in the future with the stricter milestones triggering exit. Planning consent has always been a big risk and developers could previously have a second attempt at planning with a revised scheme but reform rules do not allow that as grid will be withdrawn.

We understand the plan to refill from the Phase 2 pot but those projects will not have been progressed at the same pace as those in Phase 1 and so will not be a reliable replacement to deliver on 2030 targets. Consideration should be given to a reserve ready to replace each phase. With NESO now holding accurate planning status data it will be possible to more accurately forecast attrition on projects with planning, in planning or just with land and therefor increase the pot sizes by a realistic 10 – 30% depending on technology and planning status

The fair method of reallocation is to allocate to the next project in the queue. In order to keep the balanced network design, it is understood there is a preference to identify the most suitable replacement. The example given shows that Project B would not benefit from advancement as the replacement for Project A is inserted with the same conditions. This does mean that the Project A replacement, which was originally behind Project B may now end up

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with a better / cheaper / less curtailment connection than B. Previously, B would have benefitted, and so this does not seem fair. It should certainly not be able to drop in ahead of a project with a more advanced planning status.

A queue with a predetermined buffer for attrition would have been ordered by planning status and this order should not be revised. A private review of projects by TO or DNO could be open to scrutiny and challenge fairness especially as the whole queue should by then be in the public domain.

We also support a system to update the status of other projects in a queue outside Phase 1 and 2 delivery. Maintaining projects in Gate 1 provides a visible pipeline for NESO in building SSEP. This could be a managed gate process where projects can develop at risk outside of either phase.

NESO having a view of the pipeline would be helpful and why we supported Gate 1 being mandatory. Such methodology would support a continued pipeline ready to deliver against SSEP or other FES forecast.

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)

Land

A lot of questions remain about the land criteria for judging readiness after reading the Gate 2 Methodology and it remains difficult to offer legal advice based on the level of detail provided. For example, will a conditional land option agreement be accepted by NESO as a signal of readiness? A case in point is a project that has an option agreement conditional on the project not interfering with a neighbour's access to their own site.

The language to describe 'what do we mean by a 3 year minimum option length' on slide 20 is unclear and contradictory. It says (our underlining): "The evidence provided must be exercisable for a period of at least 3 years from the date of agreement but this does not mean it will need to have 3 years remaining from the date the User submits the Land Option as part of their Gate 2 Application. However, it will need to show that the option length is for a minimum of 3 years. Note that the Option must continue to have at least a 3-year minimum period unless meets one of the exceptions in section 4.9 of this Gate 2 Criteria Methodology."

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NESO needs to be especially careful not to catch out projects which have fewer than 3 years left but are due to go to Lease or extension before the end of the 3 years period as per current grid connection dates.

In addition to providing clarity on what NESO means by a 3-year minimum option length, we ask that NESO confirms that application of this new rule is for new projects only. Existing projects with Option Agreements signed in good faith up until 5th November should not be expected to renegotiate new versions or extensions at the point of entry into Gate 2.

Similarly, the terminology used in the document lacks precision. For example, clarity needs to be provided on what NESO means by 'Completion Date.' This is important because if there is ambiguity about the Completion Date at the point at which the Option Agreement is signed, there is likely to be confusion about how long the Option should last for.

NESO says it will make an exception to Option Agreements being in place in a situation where some land is in probate. It proposes that if a parcel of land is in probate, the parcel will be exempt from the requirement. This should be extended to any land in probate as it is as likely to happen to a whole project landholding on a single farm or Estate as a single parcel of land. Moreover, probate is not a quick process and developers can end up in situations where the landowner wants to enter into a land agreement but there is no Competent Person to sign.

Planning

It is positive that DCO CP is now viewed by NESO as a legitimate land assembly strategy, but the wording in the methodology needs to be clearer for it to be a viable option for developers. As the wording stands, a developer is expected to complete community engagement pre application and prior to application to Gate 2. This is a very expensive exercise for a developer and it is not realistic that they would do so before knowing the grid connection offer. Not least because the grid connection date is an important piece of information to share with the community. The current wording will only work for developers with the most progressed NSIP projects, potentially locking out a significant volume of less mature NSIP projects that could be delivered before 2031.

Planning Submitted is evidence of progression and significant investment and should be an equal entry point to Gate 2 as an Option Agreement. There are valid reasons why a developer may not have Option Agreements in place for Gate 2, including probate and Estate succession planning. A Letter of Authority or Signed Heads of Terms from the landowner in the absence of a signed Option Agreement should be adequate to evidence a relationship with the landowner and a credible project. This may be supported by additional evidence of development progression such as M1 Planning submitted.

Criteria Evidence assessment

As outlined above, we encourage NESO to take a more nuanced approach in its assessment of probate issues – extending the exception to all land where probate is an issue; and it

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should consider Planning Submitted as an equal entry point to Gate 2 – accepting alongside this a Letter of Authority of Signed Heads of Terms in the absence of a signed Option Agreement.

Self-Declaration Templates

We have no comments.

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 believe Planning Submitted should be extended to all projects. Planning Submitted is evidence of progression and significant investment and should be an equal entry point to Gate 2 as an Option Agreement. There are valid reasons why a developer may not have Option Agreements in place for Gate 2, including probate and estate succession planning. A Letter of Authority or Signed Heads of Terms from the landowner in the absence of a signed Option Agreement should be adequate to evidence a relationship with the landowner and a credible project. This may be supported by additional evidence of development progression such as M1 Planning submitted.

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 agree that the categories are appropriate to consider the identification of Designated Projects.

We note concern that the PSH target has not been broken into regional targets within NESO's Clean Power Advice, and that hydrogen is not highlighted in the Methodology as a technology that could bring system benefits and be prioritised.

To avoid any delay in investment and progress towards Clean Power 2030, it is vital that the process for identifying Designated Projects is expedited and that this is complete before windows for support mechanisms open to applicants, including pre-qualification.

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

In making its assessment, we believe NESO should commit to publishing its decision alongside a transparent scoring system and its rationale for its determination. It would also aid transparency for NESO to publish a long-list of projects under consideration.

Below you will find reflection on the proposed criteria for each category.

Critical to security of supply criteria

We agree that associating security of supply with 'adequacy' is fair.

Critical to system operation criteria

We agree with this criteria. We believe that projects that hold commercial contracts to deliver Network Services will have met the criteria for being critical to system operation. Pathfinder projects and LDES are critical to system operation and so will need a route to confirmed delivery outside of Clean Power 2030.

As mentioned in response to Question 15, we are concerned that there is no mention of hydrogen in the Methodology as a technology option to help manage system constraints but that has very long lead times. We believe that identification as a Designated Project could provide hydrogen projects with the option to apply for Project Advancement which could accelerate their development and have a material benefit on the system.

Critical to material reduction in system and/or network constraints

We note that the criteria for judging this category is less developed. Does NESO expect the developer to provide modelling to demonstrate a reduction in system and/or network constraints as part of the application process, or will NESO complete this exercise? If the latter, will developers be given access to the data on which calculations are made?

How will projects applying for the Cap and Floor mechanism or a Demand Constraints Contract be treated and how does NESO expect Project Designation to align with these programmes?

New and/or highly innovative technologies

We find it strange to reference Technology Readiness Levels (TRLs) when talking about the categorisation of transmission-level assets. We suggest capping the number of MWs that can use this criteria.

Very long lead times i.e. beyond 2035?

We note that many of the Designated Projects will be some of the biggest projects coming on to the system and will have long lead times for construction that needs to be factored into the identification process i.e. it cannot take too long.

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

We understand the indicative process outlined by NESO allows for a project to be designated prior to Gate 2 as per this statement: "A project cannot benefit from being designated if they do not successfully go through the Gate 2 process, however, that does not mean that a project cannot be designated before Gate 2." We support this.

We also understand that NESO typically expects the process to take 4-5 months following the Gate 2 Whole Queue exercise, but for projects with Existing Agreements it intends to run an expedited process that formally starts when the reformed grid connections process 'Goes Live' and that this will begin before the Whole Queue exercise.

While we support the principle of expediting the process, we ask that NESO offers clarity on the timeline as quickly as possible, recognising that it will need to be significantly accelerated to avoid disrupting applications for the emerging Cap and Floor mechanism, the Capacity Market or CfD AR6. To avoid this disruption, the designation process needs to complete before windows for these mechanisms open to applicants, including pre-qualification.

We believe it is appropriate for NESO to focus on the most progressed projects first in the process. For example, it should consider projects with an existing grid connection offer before the end of 2030 and consented planning as a priority.

As mentioned earlier in our response, we believe that projects with an existing Government contract should be exempt from the Whole Queue exercise. NESO may think that the Designated Project process can be relied upon to identify these projects but this risks overwhelming the process and slowing it down. We think it is better for the process to have a narrower focus and to focus on the exemption not the rule.

We also believe that NESO should be explicit in saying that a Designated Project can include a demand project. By virtue of allowing demand projects to accelerate, NESO will accelerate generation projects that align with Clean Power 2030 at least cost as it will negate the need for network build.

Appeals should be considered by Ofgem not NESO.

Additional Questions

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

To summarise our feedback, we believe, it is vital for NESO to:

- *Publish the data on which Clean Power 2030 Advice was given*

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- Give clarity on the implementation date for the Gate 2 process and provide adequate time to consider the responses from industry to this consultation so that the details are right to protect the most developed projects
- Exempt from the Whole Queue exercise any project that is able to prove it has reached Final Investment Decision by the implementation date of these changes and has a grid connection date before the end for 2030
- Avoid an investment hiatus and slowdown in project development through consideration of exempting from the Whole Queue exercise any other project that has a grid connection date before the end of 2030 and has submitted planning or has secured a Government-backed contract. (Government may choose to apply this approach differently to different technologies depending on oversubscription. For example, onshore wind and solar continue with any grid connection date up to 2030 whereas short-duration storage may be set at an earlier year to prevent an excess of that faster moving technology type.)
- Consider amalgamating some regional zones so pot targets are less prescriptive and restrictive to allow flexibility for switching need. (The preference to connect at distribution level is understood but may be unrealistic and so the switching of need between distribution and transmission may need to be allowed at an earlier stage.)
- Provide developers with existing offers sight of their place in the queue by Q3 2025 and new offers by the end of 2025 at the latest
- Treat in the same way at Gate 2 all projects that don't currently have a land option, but have invested and submitted a planning application as those that have land options
- The timetable for identifying Designated Projects needs to be accelerated/adjusted to avoid any further delay in the delivery of much-needed LDES or impact on other mechanisms such as the CfD, CM or HAR
- Avoid disabling the development of hybrid projects that may be connecting different technologies/on different timeframes and will be split by this process
- Be adequately resourced along with DESNZ, the DNOs and TSOs to keep pace with the timetable set out.