2 December 2024

## RE:  Great Britain's Connections Reform: Consultation Response

# 1.0    Policy Questions

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

Yes, aligning the connections process with the Government's Clean Power 2030 Action Plan is a sensible approach. It prioritises projects that contribute the most to reducing carbon emissions and meeting national energy goals. For developers, it provides clear priorities and helps them plan their projects with more confidence. However, the developers must also be protected from unsanctionable risk. Encouraging all sites to be ready to build is all well and good, but any uncertainty of a pre-2030 connection date - due to the new regional quotas - risks causing projects to stall. A clear and well corresponded plan must be provided regionally in advance, to give full assistance to the nation's developers. Providing transparency to the other projects (anonymised) that shall also be vying for the same CP2030 headroom.

We also believe that the criteria for this alignment should have the capacity to be flexible. Some new or innovative projects, like floating offshore wind farms, hydrogen production linked to renewables, or community-led solar projects, may not meet standard readiness requirements right away. These projects, although different or smaller in scale, can bring significant benefits in the long term. It's important to find a way to include such projects so that they aren't left behind.

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**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 the Government's Clean Power 2030 Action Plan, NESO Designated Projects, and directly connected demand projects outside the scope of the Government Clean Power 2030 Action Plan?**

This proposal makes sense for ensuring that resources go to the most ready and impactful projects, avoiding delays caused by less-prepared applications. It's particularly useful for large-scale renewable energy projects, as it creates a more predictable and focused process for developers.

However, it may unintentionally favour larger companies with more resources, as they can often meet readiness criteria more quickly. Smaller developers or those working on innovative ideas might struggle to compete under this system. To address this, there should be measures to support smaller or slower-developing projects so that they can also benefit from these reforms.

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

Allowing all 'ready' projects into the queue could ensure that smaller or community-based projects get a fair chance. However, this could lead to overcrowding, with too many projects vying for the same grid space, which might delay those that align better with strategic energy goals.

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To avoid these problems, projects could be ranked not just on readiness but also on their importance to national energy plans, like the SSEP. Allowance should be made for value assigned for innovation and for wider societal benefit. Regular checks could remove projects that aren't progressing, freeing up space for others. This way, the process stays fair but also focused on delivering the most benefit.

We would also encourage a considered approach to technology diversity with this issue, whilst we acknowledge that overplanting PV / wind in an area with low demand is heavily caveated on the capacity of the outbound networks to transfer the power, should we not equally be encouraging over installation (within reason) of the planned ESS in the region to offer much needed resilience to the intermittent-generation future. Or consider that NESO have grand hydrogen plans in the future, excess regionally located PV/ Wind can offer consistent power for Green hydrogen rather than curtailment.

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

Yes, focusing on 2035 makes sense for large and complex projects, like offshore wind farms, that need more time to develop. It also ensures that these projects align with long-term energy goals, supporting the UK's net-zero targets.

However, it's also important to support smaller or quicker projects that could deliver immediate benefits to the energy system. Balancing both short-term and long-term needs would ensure that progress isn't delayed unnecessarily while waiting for larger projects to come online.

**Implementation Questions**

### 5. Do NESO's preferred options against each of the variables discussed in the Overview Document best deliver efficient alignment to the Government CP30 Plan?

NESO's preferred options provide a clear structure for prioritising projects that fit CP30 goals. This benefits developers with clear rules and helps the energy system stay on track. However, some innovative or smaller-scale projects might still struggle under these rules, so some flexibility is needed to keep the system fair.

Supporting developer's risk should be high on NESOs agenda, if the scales of risk slide too far the outcome may be a slowed transition with hesitant projects. We consultants may be able to provide early indication of the likelihood of a pre-2030 re-offered connection date but is there a way NESO could make this information readily clear and available- perhaps a table that is updated monthly with the status of all anonymised projects in the region.

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

The methodologies are clear and consistent, which makes it easier for developers to know what is required. However, the rules might be difficult for projects that don't fit the standard model, like those using emerging technologies. Regular reviews of these methods would help ensure they stay relevant and fair.

It seems like there shall also be a risk of projects partially landing within the CP2030 quota; I.e. post Gate 2 offer issued, however rather than for the projects full 100 MW capacity, only 30MW has been approved prior to 2030, the remaining 70 MW given a 2035 connection date, or even a 'to be confirmed' date. In this example the project would be unlikely to accept and may withdraw, is there tolerances built into the methodology for this?

The methodology should allow for a break from the proposed rules where a project demonstrably cannot comply due to competing rules/regulations/progression milestones such as those relating to the Hydrogen Allocation Round (HAR).

### 7. Are there key policy areas not covered by our preferred options against each of the variables or that would not be delivered by the methodologies?

Some areas that could be improved include considering regional energy needs and addressing the environmental and social impacts of projects more thoroughly. Ensuring that smaller and community-driven projects can contribute would also add value to the overall energy strategy.

### 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?

Managing project attrition by removing stalled or speculative projects is sensible, as it keeps the system efficient. However, care should be taken not to penalise projects delayed by legitimate reasons, like environmental assessments. Allowing flexibility for these cases would ensure fairness while still maintaining progress.

Greatest care should be made to ensure that viable progressing projects are not penalised by any new proposals; such as the proposed minimum £/MW cancellation costs which will make many of the progressing projects (vital to CP2030) unviable due to increased risk presented to investors.

**Connections Network Design Methodology Questions**

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

Yes, applying these criteria ensures consistency and fairness, which benefits all developers. Clear explanations of what is required will help developers understand how to meet the criteria. Reviewing the criteria regularly will ensure they keep up with changes in technology and energy needs.

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

The approach is effective, as it prioritises projects that are truly ready and aligned with strategic goals. Flexibility is needed for large or innovative projects that may take longer to prepare. Supporting smaller developers with fewer resources will ensure a diverse and inclusive energy sector.

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

The approach of reserving connection points and capacity at Gate 1 based on readiness and alignment has merit, as it encourages preparedness and ensures alignment with broader system objectives. However, there are concerns that the current minimal requirements and milestones at Gate 1 may not be robust enough to fairly allocate resources. Introducing stronger safeguards to avoid disadvantaging smaller or community-led projects, as well as prioritising innovative technologies and fully integrating environmental assessments into the process, could make the system more equitable and sustainable. It may also be worth

considering whether some of these requirements could be more appropriately addressed at Gate 2, where projects are typically more advanced.

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

Yes, reallocating capacity promptly ensures minimal delays. Priority should go to projects that are ready or nearly ready and to those addressing gaps in the energy system. Transparent processes and proactive management will help keep the queue moving efficiently.

## Gate 2 Criteria Methodology Questions

### 13. Do you agree with the elements of the Gate 2 Criteria Methodology?

Yes, the criteria for land rights, planning, evidence, and self-declaration are practical and fair. Flexibility for phased land acquisition and additional support for projects facing complex planning processes will make these criteria more inclusive.

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

Limiting this to DCO projects makes sense for managing larger, strategically significant developments. However, some smaller or non-DCO projects with significant benefits should also have access to this route under certain conditions.

## Project Designation Methodology Questions

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

Yes, the categories are well chosen and align with key energy goals. Including room for new and emerging technologies, as well as projects that address regional imbalances, would make the designations even more effective.

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

The criteria are a good foundation, but they could better include factors like the long-term benefits of a project, social value, and regional impact. Regular reviews of these criteria will ensure they stay fair and relevant.

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

Yes, the process provides structure and clarity. Greater transparency, clear timelines, and opportunities for feedback will make the process more inclusive. Flexibility for unique opportunities will also help support innovation.

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

It would be useful to see more focus on how environmental and social impacts are considered in project assessments. Clearer guidance for smaller developers or community projects would also help make the reforms more inclusive and effective.