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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 checked="" type="checkbox"/> Distribution Network Operator <input 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

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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**

Given the current situation with a vastly oversubscribed Transmission connection queue, in principle, we agree with the intention to align the connections process to Government's Clean Power 2030 Action Plan. We believe this is necessary in order to meet GB's decarbonisation goals and that it will enable a more strategic allocation of capacity. We consider that it is an important stepping stone towards longer term strategic plans which can make connection and network planning processes more efficient. However, it is imperative that DNOs have clarity on their 'allocation' under CP30. We would therefore urge NESO and government to take into consideration our comments on the data that they will use to underpin the analysis and capacity allocations we need to get to CP30. It is imperative that these allocations are fair and transparent to provide clarity to DNOs on how to reorder the queue and what investments to take forward. Without this, the benefits of reform will not be realised at the distribution level.

Further, our stakeholders tell us that they have projects which may not meet CP30 criteria but can connect by 2027/28/29 and play a role towards decarbonisation targets post 2030. We need clarity on the treatment of these projects as without that there is a risk of a "cliff edge" post 2030, both from a developer perspective but also from a network investment perspective.

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 with the NESO's proposal for overall design 2. We support the new queue being formed of 'ready' and 'strategically aligned' projects, and those that may not be known or in scope at the time. We believe that using filters around "readiness" and "alignment to CP30" are the best way to meet decarbonisation goals. We believe that the principle of assessing based on readiness is crucial, and that this will help to solve the issue of speculative connection applications sterilising connections in a given area by not progressing. On the last proposed criteria of eligible projects (those that may not be known or in scope at the time of CP30 and reform), SSEN Distribution agree that these should be in scope as they may be used to enable

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innovative or regionally critical projects. Further, it is imperative that this process is conducted in the most transparent manner possible, with visibility for developers on necessary capacity mixes, in order to maintain a fair process.

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**

We do not agree that all 'ready' projects in the future should be allocated contracted capacity if they are not aligned with CP30. We believe this risks connecting projects which are not required to meet decarbonisation targets. Given that these connections can drive investment funded by the wider customer base, it's important that we're clear on the need for a project, as well as readiness.

However, we believe there should be some degree of protection for customers who are currently contracted capacity and are 'ready' to some degree and where developers have committed significant sunk costs on a project to move it forward. The NESO's outlined proposal is that we protect projects that are due to construct prior to 2026. We require significant further detail on this proposal as we consider this concept could be open to interpretation and will not provide the clarity required. We would recommend an alternative proposal for Distribution embedded projects, which would be where projects meet Milestone 6 of the Distribution Milestones by May of 2025, they should remain out of scope for Connections Reform.

We would further like to note that if overall design 3 is taken forward, with all 'ready' projects, that there would need to be some further measures put in place, like bringing those who are CP30 aligned to the front of the queue, with the 'ready' but unaligned projects being at the back of each of the phase queues. We must assess based on readiness in the first instance, to align with reform, CP30 and connections action plan goals.

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**

We do agree that the reformed connections queue should initially focus on the 2035 time horizon. We believe that this time horizon strikes the right balance between achieving short-term goals of CP30 and efficient network development on a longer-term basis. We believe that

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this time horizon should additionally provide more certainty for the projects that are eligible for a Gate 2 offer.

However, once the SSEP is planned and published, it is integral that the reform phase 1 and phase 2 projects and their place in the queue is honoured. Otherwise, investor confidence will be severely undermined. Further information about how SSEP is likely to interact with these proposals would be beneficial at this stage to create certainty in an enduring connections process.

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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**

SSEN Distribution agrees that NESO's preferred options against each of the variables best deliver efficient alignment to the CP30 plan. We believe that the options, if taken forward, will meet the objectives of connecting ready and strategically aligned projects, and meet the wider objective of connections reform in utilising existing capacity more efficiently. Our main concerns, however, are around what impact the SSEP will have once it is published, and on ensuring that the process remains fit for purpose, with an enduring element of reform into SSEP to provide as much certainty to operators in their processes, and to customers in their investments. In the shorter-term, we will need to ensure that the project designation methodology and capacity reservation proposal ensures that we are still seeing innovation come to fruition and planning for a network beyond 2035 where it makes sense to do so.

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**

SSEN Distribution agree with the principles in the methodologies, but significant further work needs to be undertaken on how these principles will apply to embedded generation.

We agree that the methodologies largely deliver the preferred options against each variable. The CNDM, Project Designation and Gate 2 criteria provide routes to managing the current oversized queue. The CNDM also provides a route to managing undersupply via zonal substitution and reserving capacity. However, this process needs to be undertaken in a transparent and clear manner so that network operators can plan accordingly to provide customers with clarity on locations where substitutions and reserve capacity may be required.

We note that the NESO does not propose to build in assumptions on attrition of projects, which we agree with. We consider that the routes for undersupply via substitutions and reserve capacity are established to manage this.

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?

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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**

SSEN Distribution feels that further clarification on protections in the process for embedded customers is needed. For example, in the case where we have oversupply of the CP30 pathways, but where customers have met the Gate 2 ‘readiness’ criteria and are therefore project progressed to NESO in the application window, how will the process ensure that customers are treated fairly in comparison to directly connected projects? This is part of a wider policy area we feel needs further development, which is the treatment of projects not accommodated within CP30. It is currently unclear what the proposal is for the projects which will inevitably meet Gate 2 ‘readiness’, but are not CP30 technology aligned, or have missed the Phase 1 or Phase 2 pathways. This could result in projects sitting in Gate 1, with no longstop date for leaving.

Further, SSEN Distribution also believe that without forecasting for embedded demand, there is unlikely to be an accurate representation of how much generation is needed or could connect at a local level.

8. Do you agree with our approach to managing project attrition between 2025–2030, and 2031–2035, whilst ensuring that the SSEP can deliver maximum benefits to GB consumers?

You can find the relevant information at **Section 7 – Further variables and options to align connections reform with strategic energy planning**

We agree with the approach to managing project attrition for both phases. We believe accelerating projects from later in the phase, or accelerating projects from phase 2 into phase 1, would be the most beneficial way of managing attrition rather than carrying out a full reassessment each time a project drops out of the queue. There is likely more information needed on how this process will interact with SSEP, as it is currently treated in the CNDM somewhat as a phase 3, with projects potentially accelerating from the Gate 1 offer beyond 2035 into phase 2. It is currently unclear what the status of these beyond 2035 projects will be, how long they will stay in Gate 1 position for, how DNOs should treat them, and what affect SSEP could have on them. This represents significant uncertainty for both operators and developers.

To aid with project attrition, DNOs should be able to utilise existing alternative connection methods. This could include the Technical Limits product, with an additional caveat to ensure technology type is in line with CP30. These connection offers could be useful to help with supply issues by bringing projects with 2035 dates forward to 2030. Additionally, DNOs could offer non-firm offers/agreements for 2031–2035.

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Connections Network Design Methodology

You can find the relevant information in the [**Connections Network Design Methodology - Detailed Document**](#)

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

SSEN Distribution, in principle, agree with filtering the queue by applying Readiness Criteria and the Gate 2 Strategic Alignment Criteria. We agree that the queue should then be re-ordered based on the remaining projects. We believe that applying these criteria will help to achieve the original aim of connections reform in connecting those who are ready, whilst also supporting the strategic decarbonisation aims of GB.

SSEN Distribution agree with categorising the level of 'readiness' that a developer can evidence. Projects should be filtered based on this, and their strategic alignment, as central principles of how the queue should be processed. However, we note that there is currently a significant weighting awarded to the 'planning submitted' category. Our view is that this does not demonstrate any further level of 'readiness' than land rights, as you can submit planning for land you do not have the rights for. In our experience, there can still be a notable degree of uncertainty as to whether approval will be granted or the project will proceed at the submission stage, whereas land rights mean there will be a lease or ownership commitment demonstrated. We therefore propose that this level of 'readiness' should be evaluated on the basis of having both land rights and planning submitted for that land, with the final stage of readiness being planning obtained for that land. Therefore, we recommend that the categories for sorting projects would be a) planning obtained, and b) planning submitted and land rights.

Further, we specifically support alternative proposal 2 over the proposed option and alternative 1. Alternative proposal 2 ensures that projects are solely ordered based on their readiness, and their CP30 alignment. This best meets the reform objective of 'first ready, first needed, first connected'. We do not agree with the proposal of returning into existing relative queue order, as this suggests that we could have some projects connecting before others who are more ready. We do not agree with the alternative proposal 1, which does not arrange by planning readiness at all.

However, under alternative proposal 2, DNOs will be required not just to filter their queue based on NESO's methodology but reorder it based on readiness. This brings with it a heightened risk of challenge from developers. It is therefore vital that DNOs have the correct powers to fulfil the role that they are being required to do, and we consider that this will require legislative and licence changes. Specifically, we are concerned about compliance with Section 16 of the Electricity Act, our duty to connect, and SLC's 12 and 19. We believe that these are clear barriers

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to DNOs being able to sort projects by CP30 alignment and therefore in awarding capacity on that basis. We believe that a derogation or other form of comfort will be required.

We would like to further note, in relation to applying these criteria, that distribution queue management is not likely to be enough protection for DNOs to cancel projects that have lost their place in the transmission queue. We do not want these projects to be blocking the distribution queue once this happens. Potentially, changes in legislation or licences may be needed to enable this termination.

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

In principle, we agree with the concept of advancement requests. This will allow a route for some ready projects to accelerate their timelines, meeting key principles of connections reform. It should ensure that we are strategically allocating and optimising network capacity in the context of those who have already applied and potentially started investing money into their project. However, we completely disagree that the projects point of connection should be able to change as this would prompt an entire restudying of the connection design. We are also currently concerned about the level of potential advancement requests we may receive, although we support the advancement offer terms (5.25) we are concerned about how this will translate to an embedded customer, as until the contractual relationship for advancement as progressed, the customers original offer and connection date does stand.

At distribution, we also need more information on how this could feasibly work for instances where a change in point of connection has been requested, but we are conducting a distribution assessment with no transmission input. We therefore agree with the concept but feel that significant details have not been considered when it comes to practical implementation of this. It's also worth noting therefore that this concept is likely to add significant degrees of complexity to the queue reassessment process and therefore timescales for undertaking this exercise will need to reflect this.

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

We see the value in the approach of reserving Connection Points and Capacity at Gate 1. This will ensure that we have measures to manage an undersupply of projects to deliver CP30. We believe that the criteria to enable reservation of Connection Points and Capacity at Gate 1, will need to be very transparent to all parties in order to ensure it does not become discriminatory. DNOs and customers will need to understand what is being reserved and why. This system will ideally allow DNOs to anticipate where investments in infrastructure will be needed, and guide developers in understanding what type of projects are needed. Further

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consideration will also need to be given to how this process works for embedded generation, and to what degree it is applicable to these projects.

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

Capacity reallocation for embedded generation is proposed to follow the existing process for distribution. This will need to be updated and refined before go-live to ensure alignment and suitability of the enduring process. We agree with the wider principles of capacity reallocation outlined in the consultation, as this will ensure efficient utilisation of the available capacity and ensure continuous alignment with CP30 goals. The principles of zonal substitutions and reserved capacity bays should ensure that we can utilise capacity in a flexible manner. As with other areas of reform, this will have to be done transparently, with clear criteria and decision-making shared to maintain developer confidence in the process.

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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. Gate 2 Readiness Criteria – Land

We agree with the Readiness Criteria of obtaining Land rights. We believe that this will ensure that customers obtain the necessary rights and will help to achieve one of the key aims of connections reform, in reducing speculative projects from entering the queue. We agree that there are multiple options under the land rights route, to allow users to evidence readiness based on their particular situation. We would, however, note that we believe that the Energy Density Table should not be codified given that technology sizes and relevant land needed may change over coming years, and so these should be able to be reviewed on a yearly basis. An alternative could be the concept being codified, with the detail outside of this which can be flexibly changed where needed, similar to these methodologies.

b. Gate 2 Readiness Criteria – Planning

We do not agree that the proposal of submitting planning demonstrates readiness for embedded generation projects. This is due to the fact that some projects can submit planning on land without having land rights. This means that if projects are entering the queue without land rights, they are less ready than the projects who have demonstrated via land rights, and therefore they should not be allocated capacity before those who have demonstrated rights. This will not facilitate the objective of first ready, first connected and needs to be reassessed urgently. This reflects our earlier comments around the more appropriate measure of 'readiness' being land rights **and** planning submitted.

c. Gate 2 Criteria Evidence assessment

We largely agree with the proposed assessment of the Gate 2 evidence. We agree that the proposed checks, including verification of director, duplication check of red line boundaries by the NESO, and interrogating provisions on land documentation will ensure that the readiness criteria are applied efficiently. We would propose that a solicitor should be required to countersign the land rights, as this will ensure alignment with the raised distribution entry requirements coming into force start of January 2025, where a solicitor must sign the Heads of Terms which are required to apply to the connections queue at distribution.

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Whilst we agree with the wider criteria and assessment, applying that criteria will take significant effort from all network operators. In addition, there are some areas of the process where we will be dependent upon third-party organisations, like HM Land Registry, to provide and validate the proposed evidence. The implications of this should be reflected in reformed processes, and we need to ensure that the allowable timings for the reassessment exercise considers this.

d. Self-Declaration Templates

We agree with the proposed self-declaration templates for existing users and new users. We believe that the questions will allow for users to demonstrate their readiness and that the various fields will ensure accountability and viability of the letter. Our only concern is with the proposal that a customer can request a change in their point of connection. We do not agree that customers should be allowed to request this. This would bring significant additional complexity to the reassessment exercise, and the point of connection is not currently an allowable change at distribution, so the extent of this impact is currently unknown as it is not a typical change made by DNOs. Further consideration will be needed to ensure that operators have enough time to assess all of this and ensure alignment with other distribution processes.

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?

We do not believe that there should be an alternative route to evidencing readiness other than the proposed land rights assessment.

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Project Designation Methodology

You can find the relevant information in the **Project Designation Methodology – Detailed Document**

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

We agree with the proposed categories of projects that may be appropriate for designation. We consider it is important to establish a route for connection of projects which provide material benefits to GB, wider than decarbonisation efforts, for example, system operation and security. We are particularly supportive of the criteria around ‘new technologies and innovation’ and we would like to see this enable a route for connections that enhance grid flexibility at a distribution level. We would not want the criteria outlined to result in reduced importance being placed on community-based projects. These types of projects may need additional consideration around what type of readiness evidence they are able to produce.

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

We feel that the proposed criteria are broad and vague, which may result in differences in applications, and disputes on discriminatory bases. We feel we would need further criteria to be able to, as a DNO, consider properly whether one of our customer’s projects would be worth submitting to the NESO for consideration. Otherwise, we expect that this process will take considerable resource between managing the interface with our customers and the NESO.

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

We agree with some parts of the process and disagree with others. We agree that the NESO should publish decisions and appeals in order to ensure transparency in the process and ensure that the process does not become discriminatory. We would want to understand, as a DNO, what is eligible and what benefits it brings, and this would bring clearer expectations and direction for our customers.

The proposal is that decisions could take 4-5 months, which could delay projects from receiving their Gate 2 offer, and call into question the investable nature of these projects which may be critical to GB. We are also concerned about the lack of clarity on how this works at a practical level for DNOs. It will need significant consideration to be clear at what point a project needs to declare that they would like to be considered for project designation, and how they would be treated in the Distribution queue until we have confirmation from the NESO.

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Additional Questions

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

Scottish and community schemes: SSEN Distribution operates the distribution network in two licence areas. In our north of Scotland area, as stated above, the threshold for a transmission impact assessment is significantly lower than in England and Wales, at just 200kW on the Public 5 mainland, and 50kW on the Scottish islands. This means the quantity of projects affected by reform and these methodologies is greater than elsewhere in GB, and we expect to need to reassess over 500 contracts just in our Scottish licence area. We want to raise that any transmission queue reform needs to consider the impact on developers in Scotland, who will go through the distribution process in the first case and then trigger the reformed transmission process at a low capacity, despite meaning potentially significant barriers to connect. Wider to this, community-owned renewable schemes could further be disadvantaged in the reformed system for the same reasons, which would not be aligned to wider industry initiatives such as Local Area Energy Planning.

Expected timeframe of the Gate 2 to whole queue exercise: Considering the above, we are concerned about a potential scenario where the timeframes for the reassessment of the existing queue are not adequate for DNOs to undertake this exercise before the opening of the first CMP434 window. We expect to have over 500 contracts to reassess in our Scottish licence area, and a further 350 in SEPD. This represents a significant amount of complex work for us, and timelines to do so will need to reflect this.

Technical Limits: We are concerned at the current lack of clarity around how the proposals will affect technical limits schemes going forward. We agree that technical limits, in future, should only be available for projects that are aligned to phase 1 or phase 2. However, we need to consider how a retrospective reformed process affects the existing 'Last In, First Out' system. For example, would we reorder the LIFO stack based on CP30 aligned projects, or honour current projects non-firm access despite not being firmly connected? We also need to consider further how we would assess the firm access rights timeline for those connecting under technical limits, when we have a short-term horizon up to 2035 in the first case.

GSP triggering costs: We need to further consider the impacts that reordering the queue may have on DNOs and their customers in relation to incurred and scheduled costs. For example, who is liable if a new GSP has been triggered and signed off by the DNO, but the new GSP is no longer needed? Further, there is some risk for customers that the triggering customer falls out of the queue, and that the second comer is now the triggering party. Therefore, much more of the cost of build now falls to the customer than they had originally contracted on the basis of, which presents a risk for either the DNO or the developer.