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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 checked="" type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector <input checked="" type="checkbox"/> Storage <input checked="" 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

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☒ No – I am happy for my response to be available publicly

Section 1 – Policy

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

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

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

Shell agrees with the intention to align the connection queue with CP30 and include a 2035 pathway within the final CP30 plan, to build in some investment certainty beyond the CP30 horizon. It is paramount the process and methodology that will be used to prioritise the queue is fully transparent.

It is difficult to anticipate what the impact of connection reform will be on different projects and the degree of certainty that will be provided in their revised connection offer. In general, the further a realistic timeline to a firm connection date can be offered, the more certainty investors will have. This is also important for projects connecting post 2030.

In setting up the connection reform requirements, alignment with CfD and capacity mechanisms obligations should be considered to ensure efficiency and minimise differing or conflicting contractual obligations.

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

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

We agree that design 2 is the most appropriate design choice. However, it is important to provide perspective and firmness on connection dates for projects beyond 2035.

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**

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We agree that once the SSEP is finalised, part of the design 3 model should be applied to projects that meet the readiness criteria but are not deemed strategically necessary to receive a Gate 2 indicative offer.

4. 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, especially to provide transparency on connection dates, and communicate the rationale to projects brought forward or pushed back.

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 general, we support the proposed approach to managing oversupply or undersupply of technology mixes. We suggest a flexible approach if there is an undersupply of a given technology in one region and an oversupply in another, with anticipated limited interest in substituting from one region to another.

Some margin in assigning capacity per technology is also beneficial to competition and delivering the CP30 target, as included in the NESO CP2030 report. In any case planning should anticipate a degree of project attrition.

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**

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Further clarity is required on how the zonal sub-queues, once established, are represented and merged into a GB-wide queue. Having the transparency on where technology is plotted is essential to reduce investor risk and deliver the CP30 target.

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 suggest placing further emphasis on coupling to growth of demand with the build out of generation.

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 to managing attrition through progression of like-for-like projects. Continuing this to include projects with dates in 2031–2035 for the CP30 pathway is welcome, but not for projects with dates after 2035 for the 2031–35 pathway until the SSEP is published.

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?

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The notion of “strategic alignment” would benefit from further detailing, especially when projects above ‘needed’ regional capacity, would be considered ‘strategically aligned’.

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

Yes

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

Yes

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

Further detail on how existing agreements interact existing agreements and the timeline of other projects in the queue.

Gate 2 Criteria Methodology

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You can find the relevant information in the **Gate 2 Criteria Methodology- Detailed Document**

<p>13. Do you agree with the following elements of this Gate 2 Criteria Methodology?</p> <ul style="list-style-type: none"> 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)
<i>Please insert your answer here for a). n/a</i>
<i>Please insert your answer here for b). n/a</i>
<i>Please insert your answer here for c). n/a</i>
<i>Please insert your answer here for d). n/a</i>

<p>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?</p>
Yes

Project Designation Methodology

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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?

There remains a need for further clarity on what qualifies as a project that 'materially' reduces the need for constraint management. A more solid definition is needed for projects that could be designated under this definition but are outside the scope of technologies referred to in CP30.

These existing definitions appear open-ended and could lead to various projects seeking designation and pushing back the connection time of non-designated projects with little order or standardisation of approach.

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

Yes

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

Yes

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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)?

We understand the need for a queue reform and welcome the demonstrated ambition. In ensuring the success of the reform, we would like to highlight some last points:

Transparency

Transparency is paramount to avoid additional uncertainty and administrative burden, which could prolong connection times. The queue formation process should be easy to understand to project developers to minimise risk and maximise connection speed. Moreover, including resourcing at planning authorities in the process is an important piece of delivering and implementing the eventual process.

Projects in construction phase

Projects already under construction at the time of queue formation should proceed as planned to avoid delayed delivery of the CP30 plan.

Gate 2 planning requirements

The mention of Gate 2 planning requirements needs clarification, specifically whether it pertains to the generation asset or connection works. Moreover, it is crucial to clarify whether installed capacity or reconciled capacity is within the scope of the reform, as the final amount of installed capacity is often unknown at Gate 2, necessitating a defined process.

Capacity Commitment Fee

The potentially adverse impact of the introduction of a capacity commitment fee has been articulated broadly. While not strictly part of the current consultation, we would like to emphasize that in order to successfully implement the reform, the current measures should be implemented before additional policy, such as a capacity commitment fee, is proposed. Should such a bond be introduced, then the proposed Gate 2 land criteria would need to be further reviewed, for example, to potentially eliminate the land rights obligation due to the high

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costs of maintaining both, especially in relation to offshore and it reaching gate 2 relatively early in the development process.

We look forward to engaging in the upcoming consultation to address these issues further.