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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@nationalenergyiso.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**

We agree with the proposed alignment. Reaching the goal of Clean Power by 2030 will not be achieved by continuing with the business as usual approach. Connections reform, along with wider reforms, will be required and making Clean Power 2030 an integral part of the connections process will support achievement of these ambitious 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)?

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

We believe this approach is well-suited to meeting the shorter-term goals for the energy system such as Clean Power 2030. It should be kept under review to ensure that it continues to support all parties involved in delivering longer-term objectives such as wider decarbonisation by 2050.

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**

There could be positives to this approach but these need to be weighed against the additional requirements on customers of maintaining longer-term Gate 2 offers such as liabilities and securities.

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 believe this is an appropriate time horizon for projects in the connections queue to be delivering to. This is another factor that should be kept under review to ensure the right balance between developer risk and the certainty of future requirements.

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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**

We broadly agree with the recommended options but see our responses to later questions for specific comments on the implementation.

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**

We broadly agree that the methodologies deliver against chosen options but see our responses to later questions for specific comments on the implementation.

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**

None that we are aware of.

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, assuming a timely and effective implementation of the SSEP to allow projects to make use of capacity re-allocation in the 2031-2035 window as soon as possible.

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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?

We broadly agree with and support the approach set out in the methodology including how it will achieve the objectives of Clean Power 2030 (CP30).

To ensure these objectives are achieved, the detail of how the presented approach will be implemented is of great importance. Below we provide some views on some of the areas of implementation we believe will be most important to get right to ensure the CP30 objectives are achieved and customers, including those connecting to the distribution system, are given the best opportunity to participate on an equal footing.

DNO sub-queues

CNDM states that “NESO expects the CP30 Plan to distinguish between Transmission and Distribution requirements for each technology. On this premise, the exercise in Section 5.7.1 will be conducted by each DNO for their zone, using sub-queues of embedded projects only. DNOs will then inform NESO of the outcome.”

We agree that there are significant benefits to establishing DNO specific capacities for technologies. This will allow DNOs to manage their pipeline of projects to continue to meet the pathways of CP30 in situations where projects are cancelled or delayed with minimal administrative burden. Given the volume of projects connecting on the distribution system, it makes sense that DNOs take on this responsibility.

However, for this to work effectively and ensure equitable treatment between transmission and distribution customers, we would welcome further detail on how:

- *Capacities per technology and zone are initially set to account for the current queue position of transmission and distribution projects relative to each other*
- *How relative queue positions will be managed on an ongoing basis – for example, would the principle of queue position be maintained if a transmission project dropped out and distribution projects would have been the next projects in line to utilise the capacity*
- *How transmission network and GSP constraints will be factored into queue management – DNOs will need to account for GSP headroom when setting up and managing any sub-queue within their licence areas*

To better understand how we navigate the points above, it will be necessary to understand the next level of detail down as to how the CNDM process will be applied in practice. Examples of details to be further explored are the transparency of both the transmission and distributions queues, how capacity will be allocated consistently and what change process will

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be implemented for any necessary changes to technology caps resulting from queue re-ordering. We look forward to working with NESO and wider industry to develop this detail and support implementation of a process that achieves CP30 efficiently and is fair and transparent to customers.

As communicated in previous consultation responses, we believe that making sure reform is implemented via mechanisms that stand up to legal challenge will be one of the most important factors to its timely success in achieving the stated objectives. The regulatory mechanisms used to implement the process described in this methodology will play a vital role in providing clarity on the obligations of all parties involved and the proposed licence modifications to implement this methodology should clearly reference DNO obligations to manage the sub-queue where appropriate.

If it is determined that the proposed management of sub-queues by DNOs is not possible in the current regulatory/legislative framework, it might be necessary to adopt an interim NESO-led approach while any necessary legislation or regulatory changes are made as we work towards the desired operating model.

Projects in-flight

CNDM states that “NESO will ensure that projects which have met the Gate 2 criteria and are already under construction and due to commission in 2026 or earlier will not be adversely impacted by aligning the queue to the CP30 Plan.”

We welcome the recognition of projects in flight that have potentially made significant financial commitment to delivering their scheme.

However, as currently worded, this provision does not provide certainty for these customers as it is not clear how they will evidence their expectation to commission by 2026. We believe a provision that focuses on factors better known in the early stages of delivery of a project would be more suitable. For example, the planning permission status of the project could be used to determine which projects are considered to be committed to delivery and therefore not adversely impacted by aligning the queue to the CP30 plan.

We also believe consideration should be given to Technical Limits customers that have agreed to special terms to limit their impact on the transmission system to allow an accelerated connection date. We are concerned that the current wording above does not go far enough to reflect these terms and could misalign with the provisions made in section 5.19 which state “Technical Limits will continue to be used to facilitate the connection of relevant embedded generation before transmission reinforcement works have been completed.” We would encourage further thought on how these projects can be provided more certainty.

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Projects not receiving a Gate 2 offer

CNDM states “Determine point in Phase 2 queue where 2035 pathway reached. Any exceeding the pathway will not receive a Gate 2 offer.”

As stated in our response to the CMP435 consultation, we are keen to provide distribution connecting customers with an equivalent position to transmission connecting customers when they are deemed as not needed for the 2035 pathway. We believe there is merit in exploring how the Connections Network Design Methodology could produce outputs for embedded customers that do not meet Gate 2 requirements (or do not meet CP30 requirements hence no Gate 2 offer being issued) that would allow DNOs or transmission connected IDNOs to produce offers similar to Gate 1 offers for their customers. This would have the benefit of aligning the experience of direct and embedded customers as far as is possible, especially in the likely absence of DFTC or equivalent within the implementation timescales of CMP435.

Existing queue position

The CNDM states “The existing connections queue is GB-wide and each contracted project has a queue position based on the date their agreement was countersigned by NESO. The revised queue position of relevant embedded generation in the GB-wide queue will be determined based on the Project Progression they were included in, and the date this was countersigned by NESO.”

We fundamentally disagree with this being the basis used to determine the current queue position for the purposes of alignment with CP30 pathways and ultimately which projects receive, or do not receive, a Gate 2 offer.

There are many factors that can delay the countersigning of an offer by NESO that bear no relation to when the customer applied, the readiness of a project or whether it is needed to meet CP30 pathways. As currently proposed, this process could materially disadvantage one customer relative to another through circumstances entirely beyond their control.

We believe a more appropriate milestone to determine current queue position is the date the customer accepted their offer. This could be aligned between transmission and distribution customers to ensure equitable treatment in the proposed process.

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

Yes, we agree with the proposed approach.

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

We agree with the proposed approach but believe it is important that decisions on reservation of capacity are made with full consideration of the impact on other projects and the overall impact on meeting CP30 pathways.

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

We agree with the proposed approach.

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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) *We are in support of this as we believe it is appropriate to set proportionate criteria to inhibit the likelihood of speculative applications. We agree with the minimum acreage calculation methodology in line with the Energy Density Table but ask that the NESO review this on a regular basis as the industry innovates and efficiencies of technologies increase. We believe transparency will be necessary in the use of NESO Discretion for minimum length of period a Land Option is required for, and any learnings should be captured as amendments to the exceptions described in Section 4.9 of the Methodology following implementation.*

b) *We are in support of this as it provides an alternative route for projects to meet the Gate 2 Readiness Criteria for projects that follow the Development Consent Order process.*

We would like to note that projects following the LDO process do not submit a planning application (this is managed by the Local Planning Authority) so would be unable to meet the Queue management milestones as currently set out in 7.1 of the Gate 2 Criteria Methodology. Therefore, we propose an alternative queue management milestone be considered for those projects incorporated within an LDO.

c) *We are in support of the Evidence Assessment checks proposed by the NESO and agree with conducting initial checks for relevant embedded customers. To allow for embedded projects that are NSIPs and follow the DCO route to meet the Gate 2 Readiness Criteria, we would like to highlight that Evidence Requirements in Section 8.2 should be amended to align with Section 8.1 with reference to Original Red Line Boundaries for such projects being provided once the project has secured land through the DCO process.*

We ask that Gate 2 Criteria is confirmed and agreed as soon as possible to enable DNOs to start collecting evidence from relevant embedded projects that are in scope for CMP435 without the risk of having to reapproach customers to meet the challenging implementation timescales set out by CMP435.

d) *We agree with the Readiness Declaration Templates proposed and believe they enable applicants to provide sufficient information to assess against the Gate 2 Readiness Criteria.*

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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 would like to highlight that the Methodology should be regularly reviewed in the event other project types are identified that require an alternative way of evidencing Gate 2 Readiness Criteria. We ask that the NESO engage and consult with industry before any future amendments to the Gate 2 Criteria Methodology are proposed.

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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?

Yes. Given that designation will only be used in exceptional circumstances, the categories of projects that can be designated seem sensible. Greater clarity is required on the size of buckets for each technology and data on designated projects should be made public to enable potential connecting customers to make reasonable decisions.

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

Yes. We believe it is important that each of the categories of projects that may be designated has its own criteria for assessment. The criteria as set out appears reasonable.

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

Yes. The overall indicative process indicates a timeline of approximately 5-6 months. The methodology suggests that designation decisions will primarily happen in advance of a User applying to Gate 2.

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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)?

None at this time.