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2<sup>nd</sup> December 2024

Dear Code Administrator,

### **Methodologies Consultation Response**

SP Energy Networks (SPEN) represents the distribution licensees of SP Distribution plc (SPD) and SP Manweb plc (SPM) and the transmission licensee, SP Transmission plc (SPT). We own and operate the electricity distribution networks in the Central Belt and South of Scotland (SPD), and Merseyside and North Wales (SPM). We also own and maintain the electricity transmission network in Central and South Scotland (SPT). As an owner of both transmission and distribution network assets, we are subject to the RIIO price control framework and must ensure that we develop an economic, efficient and coordinated onshore electricity system.

This letter accompanies SPEN's Methodologies Consultation response and together they provide our views from both a transmission and distribution network operator perspective, with respect to the methodologies that underpin the developing Connection Reform proposals.

Firstly, whilst we support the urgent nature of the Connections Reform proposals, the number of consultations and the window to allow stakeholders the opportunity to review and respond to this important consultation exercise has been challenging. Particularly for network operators across industry who are already under significant pressure due to the extensive Connections Reform programme and still processing high volumes of connection applications and modification applications. Whilst we are fully supportive of the urgent need for connections reform, we need to be able to execute these reforms to timelines which are mindful of colleagues' workloads and wellbeing, across all parties involved. This principle will also be important as the NESO and network operators seek to introduce these extensive new processes next year. Therefore, whilst we have prioritised our responses within this consultation exercise, we do not feel sufficient time has been given for us to accomplish Ofgem and NESO's objective of considering this and the other consultations as a complete package.

With a reported GB wide queue of over 750GW, and 68GW queue across SPEN's transmission network, SPEN is strongly supportive of the need for connections reform. We welcome the ambition of the NESO and other parties in the suite of connections reform proposals that are currently being consulted upon. We are particularly supportive of the proposals set out within this consultation document to align the reformed connections queue with the UK Government's Clean Power 2030 (CP2030). SPEN has been calling for some time now for a Strategic Spatial Energy Plan (SSEP) to be developed which aligns the

connections queue with the needs of the networks as we all work collectively together to achieving the UK's Net Zero ambitions. We consider that the introduction of CP2030 is the first step towards a full SSEP for GB and we welcome this development.

We do believe, however, that demand connection forecasts should be included within the scope of CP2030. SPEN is seeing a rapid acceleration in the number of connection applications (both directly connected and embedded projects) being received for demand connections. With winter peak demand of 4GW across SPT's network, a significant increase in overall demand has significant impacts on the operation of Scotland's network, not to mention the scale of transmission infrastructure required to support demand projects, in particular when there is not an abundance of renewable generation on the network. Instead, we believe that CP2030 should include regional demand forecasts out to 2030 and 2035, for all directly connected and embedded demand projects which would then align with the application of the reformed connections process. We must also be mindful of the impact of adding significant volumes of demand projects to the current connections queue which is likely to have an impact on the current CP2030 generations forecasts, whereby there may be a need to connect additional amounts of generation capacity to the network. This could have an impact on timely delivery of the CP2030 ambitions for 2030 and 2035.

This response should be read alongside the SPEN's responses to the suite of Connections Reform consultations, namely:

- The Connections Network Design Methodology;
- The Gate 2 Criteria Methodology;
- The Project Designation Methodology; and
- The connections reform code reform proposals within CMP434, CMP435 and CM095.

While we present our full response in the accompanying proforma, we would like to highlight some key points here on the individual methodologies:

### **Connections Network Design Methodology**

- We are particularly supportive of the proposals set out within the CNDM Consultation document as we work collectively to achieve the UK's Net Zero ambitions, however we would note that revision of the queue as proposed may, in some circumstances, lead to a requirement for additional transmission reinforcement works so as to ensure continued compliance with relevant technical standards.
- With respect to Figure 8 in the CNDM Consultation document, the NESO may wish to consider in the example parties "already under construction and due to commission in 2026 or earlier", so as to be clear on their treatment and the implications.

### **Gate 2 Criteria Methodology**

- SPEN are fully supportive of the introduction of Gate 2, however without the strategic alignment element, it would not address the queue which is currently

significantly over-subscribed. Therefore, the Gate 2 criteria being aligned with CP30 technology caps, is a welcome and, in our opinion, critical development.

- However, the proposals still promote a rush for land prior to confirmation of the technology caps, some of which is in the immediate vicinity to our strategic substations, hindering our ability to deliver future connections.
- In addition, the proposals do not address BESS projects which have acquired this land potentially changing to demand connection projects, which is a growing trend that we are seeing.
- With regards to the Gate 2 Criteria Evidence Assessment, SPEN consider the proposals the fairest way to deal with projects who are not fully compliant with the requirements of the process. It also acts as a disincentive to projects submitting late and/or substandard applications; however, we do need to recognise the potential for legal challenge particularly on DNOs.
- Given the potential number of Gate 2 applications, and the checking of Gate 2 criteria for Relevant Small/Medium Power Stations, SPEN would be supportive if these applications could be submitted prior to the Gate 2 window opening, however, not assessed until the Gate 2 window opened.

## **Project Designation**

- As the system operator for the electricity transmission network, it is appropriate that the NESO has the powers to designate projects, and provide them with a prioritised queue position, where they bring additional benefits to operation of the network or benefits to the wider GB economy and Net Zero ambitions.
- SPEN considers that all of the priority areas set out within the Project Designation Methodology are reasonable and merit further NESO consideration as to whether they should achieve a prioritised queue position. Where there are issues with regards to Security of Supply, System Operation and opportunities to materially reduce generation constraints, we would expect the NESO to be engaging and fully consulting with the relevant TOs, well in advance of taking any decisions on connection point and capacity reservation, competitions for the procurement of network services and any intention to utilise this particular Methodology as a result. Effective implementation of the NESOs Reservation powers under CMP434 and any subsequent use of this methodology and successful mitigation of network issues are best addressed by the relevant TOs and NESO identifying and engaging on network issues at the earliest possible opportunity, learning lessons from the previous Stability Pathfinder 2 exercise where TOs' weren't involved in agreeing the requirement for, or scope of network solutions, which has unfortunately resulted in many challenging issues that have had to be addressed in the connection and delivery of the Stability Pathfinder 2 projects.
- SPEN is of the view that those limited number of strategic demand projects, which Government considers as "Strategic Demand", should also fall within the scope of the Project Designation Methodology. If UK Ministers have proactively identified these Strategic Demand projects as having significant benefits to the UK economy, then it feels appropriate that this should be recognised within the connections process, with these Strategic Demand projects being considered for a potential

prioritised connection. SPEN believes such an arrangement for “Strategic Demand” projects could be facilitated under the “materially reduce system and/or network constraints” category within the proposed Project Designation Methodology.

SPEN remain supportive of the Methodologies sitting outside of the codes with the requirement that they are consulted upon and approved by the Authority. They add flexibility where it remains uncertain what unintended consequences and behaviours reform could drive.

We consider it important that the Methodologies are given time to support the process, and that future updates and consultations are aligned with the application windows. It will also be important to be clear on which versions of the Methodologies apply to each window

Please do not hesitate to contact me if you require any further information on any of our consultation responses.

Yours sincerely,



**Lynne Bryceland**

Head of Transmission Commercial,  
SP Energy Networks