

Workgroup Consultation Response Proforma

CM095: Implementing Connections Reform

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to stcteam@nationalgrideso.com by **5pm on 06 August 2024**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact stcteam@nationalgrideso.com

Respondent details		Please enter your details	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input 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 checked="" type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other	

I wish my response to be:
 (Please mark the relevant box)

Non-Confidential (*this will be shared with industry and the Panel for further consideration*)

Confidential (*this will be disclosed to the Authority in full but, unless specified, will not be shared with the Workgroup, Panel or the industry for further consideration*)

For reference the Applicable STC Objectives are:

- a) *efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act*
- b) *development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission*
- c) *facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity*
- d) *protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees*

- e) *promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.*
- f) *facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;*
- g) *compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions		
1	Do you believe that the Original Proposal better facilitates the Applicable Objectives?	Mark the Objectives which you believe the Original solution better facilitates: Original <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input checked="" type="checkbox"/> E <input checked="" type="checkbox"/> F <input type="checkbox"/> G
<p>With a current connections contracted background of over 700GW across GB’s transmission and distribution networks, SP Transmission (SPT) is fully supportive of the need for connections reform. We aim to streamline the process and accelerate customer connection dates, where possible, providing a level-playing field for differing technologies and projects with direct or embedded connections.</p> <p>We are supportive of CMP434 as an initial step towards a connections process that addresses the significant over-capacity in the current connections queue and achieving Net Zero targets. The proposed TMO4+ model will move us from a ‘First Come, First Served’ to a ‘First Ready, First Connected’ approach. Whilst this is a welcome development, we are strongly of the view that the latest connections reform proposals, particularly those addressing the extent of the current connections queue, will not go far enough to facilitate the acceleration of connections and drive the make-up and development of the network needed to meet the Government’s Clean Power 2030 and Net Zero targets.</p> <p>SPT is therefore calling for a technology specific cap to be applied to the revision of the connections queue, ensuring alignment with Government ambitions. To ensure that we can continue to provide the best service for our customers and to deliver these ambitious targets, the current Connection Reform implementation timelines must be considered immediately, in light of the accelerated Clean Power target. The ESO will need to work closely with the TO’s to prepare a clear, ambitious and realistic plan on when improved connections offers will be provided for projects aimed at Clean Power 2030 and beyond. A significant amount of work remains to be undertaken regarding key Methodologies, roles and responsibilities of key players including the ESO, TO’s and DNO’s, to drive the TM04+ model.</p> <p>Additionally, the accompanying licence changes and Guidance documents, which all have yet to be developed. Bearing in mind the enormous workload pressures the connections reform proposals have already placed on all players across industry, in particular the ESO and TO’s, it is imperative that the implementation timelines be reviewed, evidence based, and updated accordingly, to ensure that</p>		

the ESO and TO's alike have fair and realistic timelines to undertake the extent of work and analysis which still has to be undertaken to deliver the TM04+ model.

The TM04+ model will only deliver the much-needed reforms and outputs to the current connections model and associated connections queue if the ESO and TO's have adequate timelines to undertake the required network analysis to deliver the 'Gate 2 to Whole Queue' exercise and subsequently assess the applications under the proposed Gate 1 and Gate 2 windows, as part of the TM04+ model.

Objective A ('efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission License') – **Positive**

The TM04+ proposals introduce a gated process prioritising projects based on readiness. This is welcome as it will facilitate the design of a more coordinated system and free up network capacity for projects proven to be progressing, helping us to deliver upon Clean Power 2030 and Net Zero ambitions.

However, whilst the current TM04+ proposals are an improvement on the current connections process, SPT is strongly of the view that these proposals, in particular, the proposed Gate 2 criteria, are not ambitious enough, to address the scale of the current connections queue in a way which better aligns with Clean Power 2030 and Net Zero ambitions. The outputs of internal analysis undertaken by SPT, is compounded by the outputs from the ESO's recent Request for Information (RFI) exercise on projects aligning with Gate 2, which we expect will further aggravate challenges already faced by the TOs:

- The Gate 2 criteria is too easy to achieve, particularly for smaller projects and some technologies (such as short-term Battery Energy Storage Systems (BESS) and solar). This will bring those projects to the front of the queue, only for the connections queue to continue to grow in the near term, removing only a minority of projects.
- The Gate 2 criteria promotes a rush for land amongst developers. Where for some technologies, land will be sought as close to TO strategic substations, as possible. This will hinder the TOs' ability to deliver future connections and the expansion of strategic substations to facilitate additional connection capacity.
- The proposed indicative timelines for the introduction and operation of TM04+ are in no way evidence based and fail to consider the extent of TO input and complex network analysis required for the 'Gate 2 to Whole Queue' exercise as well as the processing of applications during the Gate 1 and Gate 2 processes, which are currently proposed to overlap each other.

The proposals introduce an increasingly complicated package of reforms, with significant parts still to be agreed upon and implemented.

Objective B (development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission) – **Positive**

The proposals introduce windowed Network Design exercises at Gate 1 and Gate 2 facilitating coordination in the design of connections, through the new Connections Network Design Methodology (CNDM) which is currently being developed in working groups.

However, the proposals also introduce Gate 2 criteria which we currently consider is too low and will present several issues in the development of an efficient, economical, and coordinated system:

In addition, the proposed timescales for Network Design activities are based on current statutory STC offer timescales. The increasing number and complexity of applications, along with the growing complexity of the network has been putting increased pressure on our processes to deliver within the current statutory STC timescales. The TM04+ model also transitions us from a continuous assessment to a batched assessment process, introducing several administrative bottlenecks and further pressuring the proposed timescales. Therefore, we regard the Gate 2 indicative process timeline to be unrealistic and advise that this is revised using an evidence-based approach, accounting for recent application numbers and our expectations of the initial Gate 2 windows.

Objective C (facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity) – **Neutral**

Whilst a move from a 'First Come, First Served' to 'First Ready, First Connected' process and a new mechanism for identifying anticipatory network investment could indeed provide earlier connection dates for those projects demonstrating readiness, the proposals introduce several aspects which could reduce competition amongst connecting parties.

- SPT's transmission and distribution networks are over capacity and severely constrained. Connections will still be part of a sizeable transmission connections queue and dependent on the delivery of significant network reinforcement, limiting the extent of acceleration to existing connection dates.
- Given the currently proposed low Gate 2 criteria, smaller, more agile projects will secure Gate 2 queue positions and capacity ahead of projects with longer development timelines.
- The revised barriers to entry associated with self-declaration and Gate 2 evidence checks along with forward facing Queue Management M1 milestone, add risk for the TO for projects being over-ambitious in their plans and therefore terminating at a later stage in their development.
- The TM04+ proposals represent a complex package of reforms, which whilst are planned to be supported by extensive Guidance, will challenge for customers to understand within the proposed implementation timescales.

	<p>Objective D (protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees) – Neutral.</p> <p>Objective E (promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC – Positive.</p> <p>Higher barriers to entry, as per Gate 2 provisions, to receive a firm connection offer will help ensure the network is designed and built for those most ready to connect to it. Additionally, the development of the Methodologies and additional Guidance documents is welcome and will be important for developers to add clarity to the revised connections process.</p> <p>However, due to the TM04+ timelines proposed, it is unclear how studying connections applications in batches will lead to lower overall costs. The proposed frequency of Gate 2 batches (3 per annum) provides limited opportunity for coordination, given that TOs will be assessing new applications against a background of outstanding customer offers awaiting acceptance, from the earlier Gate 2 network assessment exercise. With respect to the coordinated network design at Gate 1, it is hard to comment on its effectiveness at this stage, as details of the Gate 1 Network Design Exercise are still to be discussed at a working level.</p> <p>Objective F (facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system) – Positive.</p> <p>The proposed TM04+ Gate 1 and Gate 2 proposals moves us from a ‘First Come, First Served’ to a ‘First Ready, First Connected’ approach, which we support. However, as set out under Q7, we consider the proposed Gate 2 Criteria as too low and needs to be reviewed ahead of the ‘go-live’ date.</p> <p>Objective G (compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency) – Neutral.</p>	
2	<p>Do you support the proposed implementation approach? (see page 12)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>SPT cannot support the proposed implementation approach based on our current understanding of the proposed timelines.</p>		

	<p>We no longer consider the ‘go-live’ date of the 1 January 2025 to be realistic, given the current delays to the Connections Reform code modification programme. Our understanding of the latest timelines suggests that, following an Ofgem decision on the proposals, there will be at best a small window over the festive period to implement and embed the new TM04+ processes within our organisation. The majority of these processes depend on outstanding Methodologies and Guidance which are still being developed and agreed.</p> <p>To ensure that we can continue to provide the best service for our customers and to deliver these ambitious targets, the current Connection Reform implementation timelines must be reviewed immediately, in light of the accelerated Clean Power 2030 target. The ESO will need to work closely with the TOs to prepare a clear and ambitious, realistic plan on when improved connections offers will be provided for projects for Clean Power 2030 and beyond.</p> <p>A significant amount of work still needs to be undertaken in terms of the key Methodologies and roles and responsibilities of key players including the ESO, TOs and DNOs to drive the TM04+ model. Not to mention the accompanying licence changes and Guidance documents, which all have yet to be developed. Bearing in mind the enormous workload pressures the connections reform proposals have already put on all players across industry, in particular the ESO and TOs, it is imperative that the implementation timelines are reviewed, evidence based and updated accordingly, to ensure that the ESO and TOs alike have fair and realistic timelines to undertake the extent of work and analysis which still has to be undertaken to deliver the TM04+ model.</p>
<p>3</p>	<p>Do you have any other comments?</p> <p>SPT also has concerns with Component A in relation to the proposed Gate 2 criteria (as set out in detail in response to Q7, below). Following the introduction of TMO4+ and the recent ESO RFI exercise (supported by our own RIIO-T3 project data), SPT continues to hold the view that the proposed Gate 2 criteria is too low a barrier for particular technologies (in particular BESS and solar) to receive a firm offer and queue position. In order to address this, SPT is advocating for a technology-specific cap to be applied to the Gate 2 criteria, ensuring that the outputs of the ‘Gate 2 to Whole Queue’ assessment aligns with Government ambitions and that the revised connections queue has the required make-up of technologies, necessary to meet 2030 and Net Zero targets.</p> <p>The proposed criteria, when combined with CMP435 and CM096, may initially reduce the connections queue but it will not have the intended impact of accelerating connection dates and will leave us with a continuing rapidly growing queue that will not align with Clean Power 2030 and Net Zero targets. The Gate 2 criteria must therefore be strengthened, prior to implementation of CMP435, to avoid a second exercise to further consolidate the queue at a later date, that risks being damaging for customers and investors. See our response at Q7 for SPT’s proposals for strengthening the proposed Gate 2 criteria.</p>

4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/> No
Click or tap here to enter text.		

Specific Workgroup Consultation questions

5	Do you agree with the components of the proposed solution? Please provide rationale for your answer and any suggestions for improvement to each component.	
	Component A: Proposed Reformed Connections Process and Timescales, including ESO/TO obligations (see pages 5-6)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>Gate 1 and Gate 2 windows</p> <p>SPT is supportive of the annual Gate 1 application window provided it can be aligned with the Centralised Strategic Network Plan and Strategic Spatial Energy Plan processes in future, to ensure consistency and alignment across network planning processes and Government ambitions.</p> <p>We cannot however support the proposed timelines which have been included in the consultation document, although we appreciate that these are still to be confirmed. We set out our concerns as follows:</p> <ul style="list-style-type: none"> - Recent years have seen a growing number of Transmission connection applications and the proposals do not limit the number of applications that can be processed per application window. ESO and TO resources and timelines will be dependent on the number of applications, so the proposals must be modelled, and stress tested based on recent applications numbers. - Application submission and competency checks will create an administrative burden on both the ESO and TOs. With a limited implementation period and limited pre-application window for developers to understand the process, we may be placed under considerable strain in the first year, particularly as the extensive 'Gate 2 to Whole Queue' exercise will also be undertaken during Year 1. - Overlapping Gate 2 windows risk introducing inefficiencies into the TO process, where offers are not accepted by customers prior to the start of a subsequent Gate 2 window. Consequently, the capacity reallocation would therefore be run and called upon more than perhaps intended. 		

- The proposal has not made clear where the relevant Methodologies will be reviewed and consulted on. This process must run in parallel with the annual Gate 1 application window and ongoing Gate 2 processes, and it must be clear what version of the Methodologies will apply in each process. Ideally, review consultation and agreement will be completed prior to the next application window.
- The period for Gate 1 Customer Acceptances for directly connected customers is the current full offer acceptance period of 3 months, which seems excessive, given our current understanding of the output of Gate 1 being only an indicative offer with no commitment on the customer.
- The Gate 2 proposals assume current licence offer timescales. Due to a growing number of connection applications and their complexity, these timescales have become increasingly unrealistic for SPT. In addition, the number of applications that can be assessed in each application window is not limited by this proposal. It is also likely the initial Gate 2 windows will have an increased number of applications (both new and existing). We are also moving from a continuous drip feed of applications to a batched process which will introduce administrative bottlenecks. Therefore, the assumption that Gate 2 timescales can be based on current licence timescales is completely unrealistic and risks setting the ESO and TO's up for failure.

We look forward to working with the ESO on reviewing the proposed timescales, ensuring they have been stress-tested against forecasted application numbers and in line with the responsibilities and requirements of the ESO and TOs, following the agreement of the CNDM.

Component B:
 Connections Network
 Design Methodology
 (see pages 6, 8-9)

- Yes
- No

SPT is supportive of the development of the CNDM. We are comfortable with the governance arrangements proposed. We agree that the ESO's licence would be amended to include the CNDM, however, we would not expect the TOs' licenses to be updated accordingly too. In line with the current provisions around the Network Options Assessment (NOA) methodology, we would instead expect the TOs' obligation to use the CNDM to be set out in the STC, as opposed to the licence.

The proposed connections process is dependent on the approval of the CNDM. If it is not approved by the Authority by the 'go-live' date of the new connections process, and the relevant ESO licence change introduced, then the 'go-live' date would need to be delayed.

We do not believe it should be possible that the pre-application and application windows of the new connections process can proceed before the approval of the CNDM. The CNDM will largely drive the timelines and resource requirements for the TOs, for the new connections process and on that basis the TOs should have

	<p>advanced notice of their obligations under these Methodologies prior to the 'go-live' date.</p>	
	<p>Component C: Connection Point and Capacity Reservation (see pages 6-10)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
	<p>For the Stability Pathfinder 3 exercise, the Connection Point and Capacity Reservation principle has been helpful to avoid an influx of connection applications as SPT experienced during the Stability Pathfinder 2 exercise, for network competitions. We are therefore supportive of this principle being used in future network competitions involving customer connections, such as facilitating the connection of offshore projects.</p> <p>However, we do not support the inclusion of CATOs as part of this code modification as they are not a customer connection and thus we consider this out of scope of this code modification.</p>	
<p>6</p>	<p>Do you agree that the Proposer has fully identified the high-level impacts (subject to legal text drafting) on the STC and STCPs as a result of the CMP434 Proposal? If you do not agree, what else do you think is impacted and/or needs to change? (see page 3)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
	<p>Based on the information available and recognising that significant details (such as the Methodologies and the legal text which underpin the CUSC modification this STC proposal facilitates) has still to be developed and finalised, then the high-level impacts identified seem to cover the appropriate areas of the STC and STCPs which will need to reviewed.</p>	
<p>7</p>	<p>In your consideration of the CM095 proposal, are there any potential risks for implementation which might also impact the CMP434 or</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

[CMP435/CM096](#)
 proposals?

The workgroup consultations have proceeded prior to the details of important aspects of these reforms being discussed, including the development and agreement of key Methodologies, such as the CNDM. The consultations are also absent of legal text, which is concerning in the context of CMP435, in particular, given the extent of changes anticipated to existing customers contracts.

SPT continues to have concerns with the current Gate 2 criteria proposed.

SPT's own RIIO-T3 project data, along with the ESO's RFI (including submissions by SPM and SPD to embedded generators), indicates that the number and capacity of projects expected to meet Gate 2 by the 'go-live' date will be significant, with high volumes of smaller projects and in particular BESS and solar projects, likely to meet this Gate 2 criteria by the end of 2024. Consequently, we feel the Gate 2 criteria is currently set too low, potentially leading to the following issues:

- The Gate 2 criteria is too easy to achieve, particularly for smaller projects and certain technologies (such as short-term Battery Energy Storage Systems (BESS) and solar). This will bring those projects to the front of the queue, only for the connections queue to continue to grow in the near term, removing only a minority of projects.
- The Gate 2 criteria, being solely based on obtaining land, could promote a rush for land amongst developers. Where for some technologies, land will be sought as close to TO strategic substations, as possible. This will hinder the TOs' ability to deliver future connections and the expansion of strategic substations to facilitate additional connection capacity.
- Based on our analysis, we expect the capacity of solar and BESS projects meeting Gate 2 will significantly exceed the requirement to meet current FES2024 scenarios for Net Zero. The technology mix in SPT's area, based on our existing contracted queue, will continue to have significant volumes of short-term duration BESS projects.

Ongoing Gate 2 compliance must also account for the possibility that some, or all, of a project's site could encroach upon a TO substation. The site boundary may block cable routes or hinder future expansion of that substation. This could delay future connection timescales. Since developers will have acquired this land prior to Gate 2, and therefore in advance of TO studies and a full connection offer, it is unclear how the TO can pro-actively manage such situations.

Potential options to enhance the proposed Gate 2 criteria include:

- Enhance the Gate 2 criteria to have a strategic element to align with decarbonisation targets.

- SPT is therefore advocating for a technology-specific cap to be applied to the Gate 2 criteria, ensuring that the outputs of the 'Gate 2 to whole queue' assessment aligns with Government ambitions and that the revised connections queue has the required make-up of technologies, necessary to meet 2030 and Net Zero targets.
- A technology-specific cap could be aligned with a 'stacking' approach to enhance the Gate 2 criteria, where projects are assessed based on 'network need', relative to decarbonisation targets. Those projects which at present are surplus to requirements would be placed in a 'stack', prior to receiving a full Gate 2 offer. Where a contracted project terminates, those projects within a regional 'stack' would be offered the available capacity.

To ensure certainty for customers and investors, it is imperative that an exercise to reduce the connections queue is performed only once. Therefore, SPT is strongly of the view that the Gate 2 criteria should be revised prior to the implementation of CMP434 and CMP435.