Connections Reform Response

Questions

1. **Do you generally agree with our overall initial positions on each of the foundational design options and key variations? Are there any foundational design options or key variations that we should have also considered?**

   Option 1 – doesn't work well as it is, and noting this is included in respect of a baseline and ad-ons we think its more important to simply consider the add-ons.

   Option 2 – would allow projects to advance in order of ready to build and connect order which is seen as a positive instead of potentially being in a queue behind projects that don't come to fruition or are delayed significantly. There could be discrimination against projects that take different lengths of time to develop.

   Option 3 – versions of this have been shown to work effectively elsewhere (e.g. Spain). As noted in the consultation document this is only viable if other key decision makers including Government and Ofgem make changes that are wider ranging than connections reform. It makes sense to bear this in mind for the future.

   Variations 1 & 2 – we generally agree with he comments in the consultation document. However, a problem that we have encountered through applying for over 15 GW of connections is that there are occasions where the TO and ESO cannot agree on whose responsibility something is (for example the LARF and SIF values). We therefore believe greater consideration should be given to the integration of the ESO and the TO's as a single entity, or at least a mechanism to ensure these gaps are closed or dealt with properly.

   Variation 3 – contestability is a significant factor and delivers cost benefit to developers and therefore also end consumers in Distribution connections. The same should therefore apply to Transmission connections. The proposal to leave this until after the connections process is understood, but it is important this is not overlooked or dismissed before concluding the reform as it should ultimately be part of this work.

   Variation 4 – We agree that would be inappropriate as a standalone design option, and also that it could work well alongside Foundations options.

   Variation 5 – would make investment in a project very difficult. It would also present major challenges for consenting; part of a planning application includes justification of the scale of the project. Solar farms in particular require land areas that are proportional to the generation capacity (and similarly for wind turbines there is a link to area in respect of the number of turbines). If the export capacity was unknown or could be varied then it could potentially be impossible to get consent as the planning balance could not be understood. We agree this should not be included.

2. **Do you agree with our initial view that the current issues with the connections process could potentially be addressed on an enduring basis through other, less radical, and lower risk means than the introduction of capacity auctions?**

Yes. A yearly capacity auction would make investment into the industry very challenging which could slow down the energy transition; other options are therefore better.

3. **Do you agree with our initial view that the reformed connections process should facilitate and enable efficient connection under either a market-based (i.e. locational signals) or 'centralised' deployment approach (or an approach somewhere between the two), but not mandate which approach to follow?**

   There needs to be clear and concise rules and flow of information to the market, so that the market can behave in such a way that benefits the whole system. Part of the reason why this is not currently happening is because no one body has control of what this looks like. A market-based approach is, in rough terms, what we currently have with locational signals such as TNUoS charges. However, there are limitations to this with signals being given to the market of generation or demand being needed in areas of the country that are not developable or much more difficult to develop. For example there may be a lot of demand in London but its unlikely that much (or any?) new generation will be built there due to many factors including space and land value issues.

   Mandating a more centralised approach should resulting in a fairer system with a more holistic view of not just the theoretical need of the network but the real-world solutions that can be provided. A more centralised approach is more likely to hit net-zero in a more efficient manner. This does however rely on other factors outside the control of ESO as noted in Foundation Option 3.

4. **Do you agree with our initial recommendation that TMA A to TMA C should all be progressed, irrespective of the preferred TMO?**

   All 3 TMAs should be progressed. The more information available prior to application, the better the design of the connection and the more likely that developers will select more appropriate areas of the network at an appropriate capacity.

   TMA B should not have such stringent terms, we are happy to give an indication of what we are looking for. However, the TO needs the flexibility to explore all options for a connection and presenting this to the developer. For example, a developer is looking for a 500MW connection but the TO discovers that 400MW will present a much more economical solution. The TO should have the ability to present this to the developer so they can adapt accordingly.

   TMA A, B and C will only have the desired effect if responses are made in a timely manner with up-to-date information. Otherwise, you will always have some developers who are happy to take the added risk of just submitting applications which will be less informed.

5. **Do you agree with our initial recommendation on the introduction of a nominal Pre-Application Stage fee, discounted from the application fee for customers which go on to submit an application within a reasonable time period?**

We're not sure that fee at this stage (discounted later or otherwise) makes a lot of difference, unless it's the only way to justify resourcing the service fully in order to overcome many of the challenges highlighted.

6. **Do you agree with the importance of the TMA A 'Key Data'? Please provide suggestions for any other key data that you suggest we consider publishing at Pre-Application Stage**

The TMA A Key Data outlined is agreed. However if it is not correct and up to date, it is of little value and more emphasis should be put on TMA B. The whole point of TMA A is to inform and outline the information that would be received during a pre-app call. The more information available that is correct, the less calls will be needed, and the more benefit can be seen from the ones that do go ahead.

One key option that has been included but delayed, is the interface between Transmission and Distribution. This is a key factor in designing a whole system approach to tackle climate change. Therefore, it should be given much more focus at as early a stage as possible.

Another piece of information that might be worth publishing is how any enabling work is being funded and who has triggered that upgrade. This would be similar to the NOA but this needs to be done on a much clearer basis.

7. **Do you agree with our initial recommendation with regard to TMA D (requirements to apply)?**

It is acknowledged that there is a problem with developers applying for a connection with the idea of the same parcel of land under the current system. However, the introduction of a Letter of Authority (LoA) is problematic. For example, a large-scale solar scheme of 500MW requires a land parcel size of roughly 2,000 acres. It is therefore likely to be across multiple landowners, with whom the developer must agree commercial terms with, piecing together a project like a jigsaw puzzle. Another example is the auctioning process of the Crown Estate run for the offshore wind projects. These are run periodically, and a developer could lose out in one round, therefore losing out on gaining a viable connection, and win in the next round, at which point the connection is not viable anymore.

Some connections on the Transmission network require new substations to connect onto existing OHLs. The way this is run by the TO is they cannot confirm exactly where the substation will be along the OHL. If other customers apply to connect onto the same OHL elsewhere, the TO can move the Point of Connection for everyone to a more centralised location. If that happens none of the LoA's would be valid.

There may well be Nationally Significant Infrastructure Projects that require compulsory powers to obtain land control that can only be sought with planning consent. Developers are unlikely to invest time and money to that extent without knowing if there is grid capacity.

The principle of making sure developers applying for connections have barriers to entry is seen as a positive, however there existing processes for determining the point of connection at Transmission level conflict with an LoA (even with caveats and exceptions) to the extent that we believe this is not a suitable proposition.

If some form of LoA is decided upon then duplication between developers will definitely need to be checked. However, if this information is provided within TMA A and the key data, there will be much less of a requirement for this.

A simplification of the connection offer and contracts is encouraged. These agreements are outdated, with so many code modifications over the years they have become cumbersome and were designed for technologies that are now becoming obsolete on the system.

8. **Do you agree with our initial recommendation with regard to TMA E (determination of enabling works), including that it is right to wait until the impact of the 5-Point Plan is known before forming a view on whether further changes to TMA E are required?**

   The 5-Point Plan and TMA E should not be separate exercises. Both are directly linked and should be explored thoroughly. As with the principle of Variation 3, the proposal to leave this until after other details are understood (i.e. the 5-Point Plan in this case) is understood, but it is important this is not overlooked or dismissed before concluding the reform as it should ultimately be part of this work.

9. **Do you agree with our initial recommendation with regard to TMA F (criteria for accelerating 'priority' projects)?**

   We agree priority should be given to those projects that are ready first. Allowing renewable projects, that are quicker to deploy, priority will increase the chances of system reaching its net zero targets. It's identified that TMA F1 and F3 could be combined by government identifying priority projects and fast tracking the planning consents of such sites.

10. **Do you agree with our initial recommendation with regard to TMA G (queue management)?**

    On the basis that RQM+ is better than RQM with no drawbacks, yet PQM can cause major issues, then yes we agree with the initial recommendation.

    The main purpose of QM under CMP376 is to weed out unviable and stalled projects that will likely never connect and are just holding capacity. This is only required in a first come, first serve basis. With only TMO Option 1 operating on this basis, it should be noted that any other option would render CMP376 obsolete.

11. **Do you agree these four TMOs present a reasonable range of options to consider for a reformed connections process?**

    TMO 2 – seems to be a backward step overall. The only benefit is resource availability later in the process which is massively offset by too much uncertainty for developers to invest prior to that in what is effectively a downgrade of the current application system before Gate 2.

    TMO 3 – is very similar to TMO 2 with arguably a slight improvement. The improvement isn't particularly material in the context of the otherwise backward step this would offer.

An indicative offer should be ruled out completely, unless given at the Pre-Application stage as optional way of securing a connection.

None of the 4 options consider more than two gates. For example, there could be value in an additional gate at receipt of the consent. Submission is not a guarantee of consent by any means and appeals and Judicial Reviews could add to delays (albeit should not result in a complete loss of the connection). Land rights (not including cable routes) could also be another gate or required as part of say the consent gate checklist.

12. Do you think any of the four TMOs could be materially improved e.g. by adding, removing or changing a specific aspect of the TMO? If so, what and why?

For all options:
Potentially a 3rd gate for when a project receives a planning decision as noted in Question 12 above.
The requirements for the LoA need to be substantially refined or caveated to an acceptable level or better, the requirement completely removed (as previously noted there would need to be a long list of exceptions allowed).

TMO1 – Careful consideration of how TMA D1 looks. All TMA Es should be considered. Agreed on everything else.

TMO2 – Indicative offer and Gate 1 moved to Pre-app stage.

TMO3 – As per TMO2.

TMO4 – Include a connection date range showing best and worst case within the initial offer. If the shortest possible connection date is too far into the future such that planning consent would always time expire ahead of the connection, developers would need to know to ensure they coordinated their planning applications accordingly. The reasons for an annual gate are understood in principle, however this should be more efficient and it would be much better if the application windows could be say 6 or 9 months (possibly with the first window being a year and then reducing the timeframe thereafter once the workload benefits are realised).

13. Are there any important TMOs we have missed?

The ESO should consider another TMO with a 3rd gate. Gate 2 for submission of consent and gate 3 for receipt of consent as previously discussed above.

14. Do you think 'Submit Consent' is too early for Gate 2 in TMO2 to TMO4? If so, what milestone should be used instead and why?

Yes, unless this is replaced with receipt of planning consent in whichever form that takes. Dependent on the planning regime of the project consents could take 16 weeks to 15 months or beyond to gain that consent. This will allow projects that are able to deploy quicker to connect sooner.

15. **Do you agree that TMO4 should be the preferred TMO?**

    Yes, out of the 4 TMOs, TMO4 is the preferred option. However, there is further refinement and consideration required to make it appropriate for the market.

16. **Do you agree with our design criteria assessment of the four TMOs? If not, what would you change and why?**

    This is agreed.

17. **What are your views on the stated benefits and key challenges in relation to TMO4?**

    The batch process will allow the TO's to have a much better overview of the network and its constraints that should give rise to better, more efficient solutions.

    This is dependent on the grid sending signals to the market on where the capacity is most needed and providing as much information on the network as possible via TMA a to C; limiting the requirement for the TO to assess unviable projects and over design parts of the network that don't need it. This is whilst also allowing anticipatory investment in other areas of the network.

    As long as there is appropriate management and clear communication of the second gates the first ready-first served basis this should allow projects that are able to deploy faster connect sooner.

    There needs to be more consideration for what happens if the project is refused planning permission but is looking to go through an appeals process. In principle a project that is consented following an appeal or JR should not be further penalised (as the original decision to refuse planning would not be their fault), and should therefore be able to access the next available connection date following their eventual consent. This is why a consent gate is important.

    Time will certainly be a key challenge, with a vast amount of existing information needing to be gathered in such a way that it is clear and understandable. Investment in this area cannot be stressed enough and will have much longer-term benefits than can be foreseen in the present.

18. **Do you think that there is a better TMO than TMO4? Whether that be TMO1 to TMO3, as presented, a materially different option, or are fined version of one of the four TMOs we have presented?**

    TMO4 is materialistically the most beneficial and efficient TMO presented. This is not to say that there will not need to be further considerations for TMO4, however it does seem unlikely that the other TMO's will not be as good however they are improved.

19. **Do you agree with our views on DNO Demand in respect of the TMOs.**

This is agreed. The TMO applying to DNO demand as well, will give the TO's better visualisation of the whole electricity system.

20. **Do you have any views on the appropriate mechanism to incentivise accurate forecasting of requirements and avoid more RDC than is necessary being requested by DNOs?**

    Ultimately it's a difficult scenario to manage as it essentially needs a DNO application window to be in place ahead of the transmission application window which increases connection times at DNO level.

    Potentially the DNO should have some responsibility onto them to forecast this within a range. If they are excessively outside of the range the amount they can seek in the next window should be reduced accordingly, so its effectively a penalty on not forecasting correctly. This would need to be managed with reasonable justification e.g. a DNO could forecast 20x projects and half of them are refused planning which would be beyond their control.

    See also the answer to q21 which to a degree takes away the need for 'forecasting'.

21. **Do you agree with our views on the process under which DNOs apply to the ESO on behalf of relevant small and medium EG that impact on or use the transmission system, including that (under TMO4):**
    a. **DNOs should be able to request RDC via application windows to allow them to continue to make offers to EG interwindow; and**
    b. **resulting offers should be for firm access until relevant EG has reached Gate 2 (at which point they can request advancement and an earlier non-firm connection date)?**

    Mandating the DNO's to also only accept applications within in a window (either at the same time or just before as the TO) should be considered.

    It is agreed that the DNO's should apply at the same time as other transmission connections. Under the current connections process the DNO applies to NG after providing an offer to the applicant and them accepting. This should work similarly under TMO4, where all accepted projects from the inter-window period are included in the application of the next window. This would seem a fairer way than reserving capacity and then assigning it out to projects that may not even accept.

22. **Do you agree that directly connected demand should be included within TMO4 and that the benefits and challenges are broadly similar as for directly connected generation?**

    This is agreed. The TMO applying to directly connected demand as well, will give the TO's better visualisation of the whole electricity system.

23. **Do you agree that TMO1 to TMO3 would require a separate offshore process, and that this would result in material disbenefits?**

Offshore wind should not be treated any differently to any other technology.

24. **Do you agree that TMO4 is the most aligned to the direction of travel for offshore projects? If not, why?**

    Offshore wind should not be treated any differently to any other technology.

25. **Other than the Letter of Authority differences are there any other TMAs which have specific offshore considerations?**

    Offshore wind should not be treated any differently to any other technology.

26. **Do you agree with our views on network competition in the context of connections reform, including that TMO4 is the option which is most aligned with network competition as it includes the most design time at an early stage in the end-to-end.**

    This is agreed.

27. **Do you agree with our initial recommendation related to each of the TMAs within this chapter? If so, why? If not, what would you change and why?**

    TMHA H – Agreed, application fee should stay largely the same.

    TMA I – This is agreed. It is currently unclear as to the full requirements for an application to declared competent. A definitive list would standardise the process. There also needs to be a definitive timescale for an application to declared competent. Consideration is needed for applications submitted within the window but declared competent after the window has closed.

    TMA J – Through the initial offer process, there should be an opportunity to adjust the application based on initial feedback from the TO. This is currently already implemented formally by SSE and on an ad-hoc basis by NGET. This should be formalised across all TOs.

    TMA K – A simplification of capacity products and clearer definitions throughout would be seen as very beneficial. These should be clearly reflected within the application process.

    TMA L – Agreed. There needs to be more development of how the holding offer can implement a queue management system when the connection date is only a worst-case scenario. It needs to be fair but also be able to target stalled projects between the 2 gates.

    TMA N – This should be in line with CMP376 recommendations as well as the existing guidance.

    TMA O – Secondary processes will need to be reviewed. Almost all connections will need to ModApp at some stage through the connections process.

TMA P – Agreed as this would otherwise be an unfair advantage to accelerate priority projects.

TMA Q – If the contract changes are coming from the ESO or TO, that is not being driven by the project, then the TO and ESO should take on this risk.

TMA R – Agreed no changes in this area should be implemented at this stage. However, renewable energy is inherently intermittent. The future system should be able to make some basic assumptions as to when a generator will be due to be using full capacity or not.

TMA S – Agreed. It is important to resolve disputes at the gates as quickly as possible.

28. **Do you agree with our current views in respect of the implementation period?**

The sooner the connections reform is implemented the better. Key data collection should be started as early as possible due to the potentially long time it will take to process.

29. **Do you agree with our current views in respect of transitional arrangements? What are your views on how and when we should transition to TMO4?**

CMP 376 and the wider 5-point plan should still be continued to be implemented in the intervening period. However, it should be considered to have a pause on applications and a full assessment on the contracted background before the connections reform is implemented. Whether this background is included in the same eventual TMO should be debated and the pros and cons weighed up, but either way assessing to discover the baseline before the implementation of the TMO is seen as essential.

30. **What further action could Government and/or Ofgem take to support connections reform and reduce connection timescales, including in areas outside of connections process reform?**

Government could look to change the planning scheme so that all energy projects come under the same consenting process. Potentially even giving priority or shortening timescales for renewable energy projects. This could also include planning for the network with regards to new OHLs etc. Welsh Government looked at 'priority areas' for renewable projects in 2017 but did not consult with grid; many areas identified had little or no grid infrastructure so the lack of coordination meant the priority areas were then disregarded. Coordination and a holistic approach is required if considering a mandated centralised approach.

Ofgem should be more heavily engaged with the connections reform as a whole and should be looking to gather views from industry as well.