

Workgroup Consultation Response Proforma

CMP434: 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 cusc.team@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 cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Simon Lord	
Company name:	Engie	
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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 checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" 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

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 CUSC (non-charging) Objectives are:

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
- Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
- Promoting efficiency in the implementation and administration of the CUSC arrangements.

*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

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?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D</td> </tr> </table>	Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D			
<p>We believe the modification will not deliver the objective and as such we do not support it. It is simply not bold enough and will not free up connection capacity for projects that can connect and deliver in short order.</p> <p>It is disappointing that the Proposer has chosen to develop the modification outside of the CUSC process and allow a relatively short period of time in the CUSC process for it to be assessed more widely by affected parties.</p> <p>The solution as proposed seems to have been developed with a reasonably narrow focus about what the target operating process should be. The proposal seems to codify many of the current developer timelines and processes.</p> <p>This process has also raised serious concerns on the effect on existing connected parties going through refurbishment projects.</p> <p>Projects should be fully formed prior to application for a connection. Wider grid access is currently held by parties that have yet to secure land or even decide the nature of the project (given the degree of change that is allowed).. Fundamentally we believe that wider grid access (on a firm basis) should be given only once a project formally enters the planning process. Only such measures will solve the current queue issue.</p> <p>We believe the Proposer has not addressed the fundamental issue namely :-</p> <ol style="list-style-type: none"> 1. The value of the connection is significantly higher than the value of the project. This needs to change to a "project first, then connection" approach. Only when a project enters the formal planning process and is fully formed should the connection become firm and a full offer be made. Prior to this a non-firm offer with enabling works to the nearest MITS substation should be made. 2. Many connections are held by parties with a business model that does not include building out the projects. The connection (with land rights) are sold on to others to move the project through design and planning/build process. Whilst this is the current approach it has the result of stopping viable projects without connection being built as they have a lower position "application date" in the queue. 				

	<p>Developers have been fast off the mark to acquire connection offers even before project are fully formed effectively locking out fully formed projects (e.g. those with planning and land rights) this is not a desirable situation.</p> <p>Including an application bond or security based on projected build cost should have the result of removing all but fully formed projects from the queue. For example parties should need to provide financial confirmation (securities) of [1%] of the estimated construction cost on application . The security would be returnable less an administration fee on termination.</p> <p>Whilst we recognise time is of the essence in developing a solution we fundamentally disagree with the Proposer that the proposed solution will lead to an improved position for viable projects. More importantly, from a regulatory perspective, the Proposer has yet to deliver any evidence that its proposal will lead to a meaningful improvement in the position.</p> <p>The fundamental test for a modification of this type is: can a new project with planning, land Section 36 consent obtain a fast connection? In the case of the original the answer is no as such a project will sit further back in the queue than less viable projects that have yet to enter the planning process.</p> <p>It will be around 5 years (3 y gate one back stop + 24 months backstop post gate 2 planning) before speculative projects exit the process. That is simply too long.</p>	
2	<p>Do you support the proposed implementation approach? (see pages 59-61)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Click or tap here to enter text.</p>		
3	<p>Do you have any other comments?</p> <p>We have participated in many of the working group sessions. Whilst we support the code admin team in their difficult task, we note it is “challenging” to ensure the appropriate level of debate happens in the group.</p> <p>Subjects have been discussed and developed in a compartmentalised way. Whilst this can be efficient for producing a report, it is not, in all cases, conducive to thorough and frank debate of the fundamental issues. We hope in the post consultation group that this type of debate is able to take place.</p> <p>In terms of the report: it is well written and covers all relevant issues discussed.</p>	
4	<p>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</p>	<p><input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input type="checkbox"/> No</p>

	<p>3. The alternative is identical to ESO original but including the following features :-</p> <ul style="list-style-type: none"> • Only when a project enters the formal planning process and is fully formed will a firm connection offer be made for wider system access. Prior to this a non-firm offer with enabling works to the nearest MITS substation will be made.. • Parties will need to provide financial confirmation (securities) of [1%] of the estimated construction cost on application . The security would be returnable less an administration fee on termination <p>Implementing these two elements will ensure wider access options are only held by those who have formally entered the planning process and removes the “low cost” route to secure options on wider transmission rights.</p>

Specific Workgroup Consultation questions

5	Do you agree with the elements of the proposed solution? Element 7 has been de-scoped and Element 10 is proposed to be codified within the STC through modification CM095 . Please provide rationale for your answer and any suggestions for improvement to each element?	
	Element 1: Proposed Authority approved methodologies and ESO guidance (see pages 9-10, 55)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	This is a regulatory requirement	
	Element 2: Introducing an annual application window and two formal gates, which are known as Gate 1 and Gate 2 (i.e. the Primary Process) (see pages 11, 35-36)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	Gate 1 is not fit for purpose as it contains a background of many project that simply will not connect and just adds additional delays to the process.	
	Element 3: Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Whilst in general we support this many of the suggested allowances simply allow developers to select against the scheme by changing elements of the connection.	
	Element 4: Significant Modification Applications concept, including the proposed criteria and the proposed level of codification (see pages 12-13, 36-39)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Whilst in general we support this many of the suggested allowances simply allow developers to select against the scheme by changing elements of the connection.	

Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
The principle should be that projects which have entered planning and are fully formed should be the only ones to receive firm connection offers for wider access. Which of the various route they come from is irrelevant to this consideration.	
Element 6: Setting out the process and criteria in relation to Application Windows and Gate 1, including introducing an offshore Letter of Authority equivalent as a Gate 1 application window entry requirement for offshore projects (see pages 15-16, 39-40)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
This is not strong enough: security of 1% of the estimated construction cost should be posted.	
Element 7: Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
ESO should not be allowed to determine disputes given the potential conflicts of interest within the ESO.	
Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Whilst we don't support gate 1 we definitely don't support the 3 years long stop date. Gate 1 offers sit in the background preventing new viable project that have planning land and consents in place. Wider works should only be allocated once the planning process has be entered. ESO is capable of running the gate 1 process in the background as there are no specific project elements associated with the process.	
Element 9: Project Designation (see pages 17-18, 48-49)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
The ESO should not unilaterally have the ability determine the queue position for "favoured" projects without reference and approval from the Authority. This is a fundamental principle of regulation.	
Element 10: Connection Point and Capacity Reservation (proposed to not be codified within the CUSC, but is intended to be codified within the STC through modification CM095 – see pages 18-20 and the CM095 Workgroup Consultation , pages 6-10)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Again see Q9 answer: only if approved by the authority.	
Element 11: Setting out the criteria for demonstrating Gate 2 has been achieved and setting out the obligations imposed once Gate 2 has been achieved (see pages 20-24, 42-46)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
This is too weak: it should include a finance element (1% of estimated construction cost) and only a non-firm offer should be issued until the planning process has been formally entered into. The change to land at this stage should be minimal the	

project first connection second principle should apply here only minor change should be allowed projects should fully formed prior to application for connection. The current proposal is an invitation for connected parties to select against the scheme. Projects should be fully formed prior to connection application.	
Element 12: Setting out the general arrangements in relation to Gate 2 (see pages 25-26, 47)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Gate 2 offer should be non-firm for wider plus enabling works until planning is applied for.	
Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Setting out exactly the checks encourages parties to select against the scheme. It is the principles that are important.	
Element 14: Gate 2 Offer and Project Site Location Change (see pages 28, 46)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
"Project first, connection second": any ability to move to project perpetuates the current situation with a stalled queue. Projects should be fully formed prior to application.	
Element 15: Changing the offer and acceptance timescales to align with the Primary Process timescales (e.g. a move away from three months for making licenced offers) (see pages 29, 42-46)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Should still be three months for a project that has planning consents and land.	
Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (see pages 29, 53-55)	<input type="checkbox"/> Yes <input type="checkbox"/> No
N/A	
Element 17: Introducing the concept of a Distribution Forecasted Transmission Capacity (DFTC) submission process for Distribution Network Operators (DNOs) and transmission connected Independent Distribution Network Operators (iDNOs) to forecast capacity on an anticipatory basis for Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations aligned to the Gate 1 Application Window (see pages 30-33, 51-53)	<input type="checkbox"/> Yes <input type="checkbox"/> No
N/A	
Element 18: Set out the process for how DNOs and transmission connected iDNOs notify the ESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2 criteria (see pages 33-34, 51-53)	<input type="checkbox"/> Yes <input type="checkbox"/> No
N/A	
6	Are there any elements of the proposal which you believe should not be <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

	included as part of this proposed solution, which the Proposer believes represents the 'Minimum Viable Product' reforms required to the connections process? If not, why not? (Please note the element number in each of your responses if applicable)	
See comments above but any offer of a firm connection prior to planning.		
7	As per question 6, are there any additional features which you believe should be included as part of Minimum Viable Product reform to the connections process?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Security of [1%] of estimated construction cost at Gate 1 and no firm connection prior to planning.		
8	Do you agree that the Gate 1 process should be a mandatory process step, or do you think Gate 1 should be an optional process step with projects being able to apply straight into the Gate 2 process if the project meets both the relevant Gate 2 and Gate 1 criteria?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
See answers above		
9	Do you believe that the proposed Gate 1 and Gate 2 process could duly or unduly discriminate against any types of projects? If so, do you believe this is justified?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Unduly discriminates against projects that have land planning and other consents in place and are fully formed.		
10	Please provide your views on the proposed options ((a) to (e) on page 45) to mitigate the risk of requiring a developer to submit their application for	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No

	planning consent earlier than they would in their development cycle (with the risk this consent could expire and any extension from the Planning Authority is not automatic).	
	If there is no planning application, there should be no firm offer. Developers should be encouraged to only apply for connection when the projects are fully formed and ready for planning.	
11	Do you agree that DFTC should be included as part of CMP434? If not, do you believe that the reformed connections process can function without DFTC? Please justify your answer. (see pages 30-34, 51-53)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	Should be dealt with at a distribution level.	
12	The Proposer intends to set out supporting arrangements for TMO4+ via a combination of guidance and methodologies (e.g. DFTC, CNDM, Project Designation, Gate 2 Criteria). Do you anticipate any issues with having these outside of Code Governance? (see Pages 9-10, 55)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	All criteria and methodologies must be subject to regulatory scrutiny.	