

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 usc.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 usc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Daniel Kerr	
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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> <p>Original <input type="checkbox"/>A <input checked="" type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D</p> <p>Click or tap here to enter text.</p>
2	Do you support the proposed implementation approach? (see pages 59-61)	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>See answer to part 3 below</p>
3	Do you have any other comments?	
	<p>We have concerns that the scope and pace of the TMO4+ changes will create an unmanageable administrative burden for NGESO, which will take time and further CUSC mods to bring under control, creating a very uncertain and chaotic environment in the interim. There have been recent examples of other initiatives being underestimated in scope and complexity (2 step offer process) and not having the desired outcome.</p> <p>We appreciate the need to address the size of the connection queue and that, in time, it should be a benefit to legitimate projects and developers, however the cumulative effect of a number of significant changes in a short period of time (queue management, TMO4+, 2 step offer process, DFTC etc.....) raises the real risk of creating the opposite of a stable, investor friendly, environment.</p> <p>Perhaps a better approach would be the introduction of changes through TMO4+ in a staged, more controlled manor, allowing queue management to “bed in” and take effect.</p>	
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/>Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/>No</p>

Click or tap here to enter text.

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)

☒ Yes
☐ No

Having some flexibility in the methodology on how Gate 2 criteria, CNDM etc are decided is desirable. However this methodology would need to be agreed and released to industry with enough time to allow developers to take any necessary actions for their projects before the go-live date.

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)

☐ Yes
☒ No

We are concerned that there would be very little value associated with a gate 1 Offer, and a reluctance from investors to commit to a project until it had gate 2 certainty.

If gate 1 only offers an indicative connection date and location, and there is no requirement to lodge security, then what guarantee is the customer getting with this offer?

If it takes 3 years, or longer, before advancing to gate 2 it is quite conceivable that the situation at the projects perceived point of connection could have completely changed within that time and the project faces a radically different solution.

We would question the need for an application window as this places a hard deadline on developers to submit an application at a point in their project development cycle that may not be optimal. It would be preferable to have the option to submit an application throughout the year. An application window also creates a "fear of missing out" mentality which may drive more speculation, further devaluing gate 1 and having a counter productive effect to ordering of the queue.

Element 3: Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)

☐ Yes
☒ No

<p>We feel that detailed guidance on how small and medium embedded generators are impacted by these changes needs to be issued. It is very unclear how a small/medium generator now makes an application to the DNO. For example, Do they require a signed offer before the DNO can make a DFTC forecast? If they miss a DFTC window, do they then need to wait a year until the next DFTC window opens to find out their impact on the Transmission system?</p>	
<p>Element 4: Significant Modification Applications concept, including the proposed criteria and the proposed level of codification (see pages 12-13, 36-39)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Until ESO guidance on what types of changes would require a Significant Modification Application is released, it is difficult to form an opinion.</p>	
<p>Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>We are concerned about the lack of available guidance/information on how these processes, such as DFTC, will operate in practice. There is a real risk that implementation of TMO4+, without due consideration and consultation on how it will interface with the DNO's will significantly complicate the process and disadvantage DNO customers.</p>	
<p>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)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>We are concerned that there would be very little value associated with a gate 1 Offer, and a reluctance from investors to commit to a project until it had gate 2 certainty.</p> <p>If gate 1 only offers an indicative connection date and location, and there is no requirement to lodge security, then what guarantee is the customer getting with this offer?</p>	
<p>Element 7: Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No N/A</p>

Click or tap here to enter text.	
Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>A 3 year longstop date is not sufficient for projects that have development timelines of potentially 7 or 8 years (or longer). A long stop date also suggests that there is something to “give up” within the gate 1 offer however it is not clear what guarantee is associated with a gate 1 offer (indicative date, indicative location, no queue position etc....) and therefore what would be released at the end of 3 years.</p>	
Element 9: Project Designation (see pages 17-18, 48-49)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We agree with the concept of Project Designation, however, similar to our comments on Element 4, it is difficult to form an opinion without reviewing the associated methodology and guidance. It would be helpful to release this methodology in advance of the go-live date, if possible.</p>	
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 type="checkbox"/> No N/A
Click or tap here to enter text.	
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
<p>For a project to demonstrate Gate 2 criteria has been met, it will need to be well advanced with its land and planning commitments. However, it will be very difficult, if not impossible, to prepare planning applications for grid connections that are as yet unknown (indicative). Particularly if a project wants to perform the contestable works for a grid connection, for which it will be expected to secure planning consent.</p>	
Element 12: Setting out the general arrangements in relation to Gate 2 (see pages 25-26, 47)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Generally agreeable to the concept but there are concerns whether the ESO have the resources to manage the administrative burden associated with several gate 2 windows per year.	
Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
A level of auditing needs to be agreed. A template "Self-declaration letter" should be produced to help facilitate the process.	
Element 14: Gate 2 Offer and Project Site Location Change (see pages 28, 46)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We agree with the concept of this element however it is surely technology dependent, it would be very challenging to move a wind farm location once an initial site has been scoped and negotiations started with landowners. Particularly within the 12 month timeframe proposed.</p> <p>The more relevant point to address here is the risk that a projects connection point can change significantly from gate 1 to gate 2. If this is indeed a possibility then projects will find it very difficult to advance planning applications and land agreements with this risk hanging over their grid connection.</p>	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
This will be necessary if there are several application windows per year, either for gate 1, gate 2 or mod-apps.	
Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (see pages 29, 53-55)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Similar to previous comments, it is difficult to form an opinion without review of the CNDM methodology.	
Element 17: Introducing the concept of a Distribution Forecasted Transmission Capacity (DFTC) submission process for Distribution Network Operators (DNOs) and transmission connected Independent Distribution	<input type="checkbox"/> Yes <input type="checkbox"/> No

	<p>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)</p>	
	<p>We are undecided on whether DFTC should be introduced or not. We have concerns about the lack of available guidance/information on how these processes, such as DFTC, will operate in practice.</p>	
	<p>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)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>Using BAU as the baseline for this process should be disregarded and a codified required on the DNO's to make gate 2 submissions on behalf of embedded generators immediately following the project notifying the DNO that they meet the gate 2 criteria should be introduced.</p>	
6	<p>Are there any elements of the proposal which you believe should not be 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)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>Element 8 – Long stop date: We believe the proposed idea of a long stop date is not suitable for Gate 1 offers and places too much emphasis on the developer to advance their project ahead of any certainty on the grid connection and out with their own project timelines.</p>	
7	<p>As per question 6, are there any additional features which you believe should be included as part of Minimum Viable Product</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	reform to the connections process?	
	<p>A later, more staged, introduction of TMO4+. This would allow concepts such as DFTC to be fully developed and guidance notes and methodology around other key concepts can be released and consulted on. This would be preferable to an incomplete, untested solution being rushed through.</p>	
8	<p>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?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>For a project to demonstrate Gate 2 criteria has been met, it will need to be well advanced with its land and planning commitments. However, it will be very difficult, if not impossible, to prepare planning applications for grid connections that are as yet unknown (indicative). Particularly if a project wants to perform the contestable works for a grid connection, for which it will be expected to secure planning consent.</p> <p>The more relevant point to address here is the integrity associated with a gate 1 offer. If gate 1 is, to all intents and purposes, indicative, then there is very little value associated with this.</p>	
9	<p>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?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>The process could discriminate against embedded/DNO connected customers, particularly small or medium embedded customers that do not have a direct contractual relationship with the ESO</p>	
10	<p>Please provide your views on the proposed options ((a) to (e) on page 45) to mitigate the risk of</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

	<p>requiring a developer to submit their application for 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).</p>	
	<p>As discussed in previous responses, the customer needs to have certainty on its connection point to efficiently prepare and submit a planning application. There is a feeling that this process (TMO4+) is attempting to de-couple the customers planning from the grid connection whereas, in reality, the two are very interdependent.</p> <p>c) There has already been considerable preparation for QM milestones (through CMP376) within the last year. With projects making plans for their development based on this information. A potential solution is to allow the customer the opportunity to reset their M1/M2 milestones on entry to Gate 2, with the ability to introduce a delay to these milestones based on their connection date.</p> <p>e) Not in favour of this idea. Re-submission of planning applications is not an easy or efficient thing to do. A solution that considers both planning for grid and project in a more interdependent way is preferable.</p>	
11	<p>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)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>It is difficult to form an opinion on DFTC without seeing the supporting guidance/methodology notes. The idea that it is a forecast also raises the question about the relevance it will hold and whether it will actually be a useful tool for the ESO.</p> <p>Other questions need to be addressed first, particularly the integrity of gate 1.</p>	

12	<p>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)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Some of the concepts proposed in this modification (DFTC, Gate 2 criteria etc....) are key to the impact and success of TMO4+. It is essential that the supporting guidance/methodology documentation is drafted and released for customers to have a chance to review before the process is implemented.</p>		