

**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](mailto: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](mailto:usc.team@nationalgrideso.com)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Barney Cowin	
<b>Company name:</b>	Statkraft	
<b>Email address:</b>	Barney.cowin@statkraft.com	
<b>Phone number:</b>	07436 132880	
<b>Which best describes your organisation?</b>	<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 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 checked="" type="checkbox"/>A   <input checked="" type="checkbox"/>B   <input type="checkbox"/>C   <input checked="" type="checkbox"/>D</p> <p>Agree with the proposer that this revised solution can better facilitate all objectives except for (c), for which it has no impact, positive or negative. However it is lacking detail to understand how it may be successfully and fairly implemented.</p>
2	Do you support the proposed implementation approach? (see pages 59-61)	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>We support the approach, with the specific qualifications/reservations outlined further in this document but question the timescales to implementation and unintended consequences of rushed guidance and criteria. It should not be applied in the same way to existing contracted offers in the same implementation timescales but can be trialled on new applications first.</p>
3	Do you have any other comments?	<p>We do not believe that it has been clarified or outlined how the methodology will apply to projects with multiple stages. We note the approach taken under Queue Management (QM) where each separate stage and separate technologies are provided their own QM dates, and expect that this approach will be followed as regards both CMP434 and CMP435, such that an entire project isn't detrimentally impacted by one of its stages not meeting the required criteria. The reallocation of capacity released under this process is a critical incentive and needs to be determined ahead of implementation. The allocation of queue positions at Gate 2 is also a critical element which needs explaining prior to implementation. This detail must be developed by the industry work group accounting for the real life challenges of the entire development process. There is no benefit to national targets by indiscriminately slashing the queue and damaging viability of real (if slow moving) projects.</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 <a href="#">Workgroup Consultation Section</a>) <input checked="" type="checkbox"/>No</p>

--	--

### Specific Workgroup Consultation questions

5	<p>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 <a href="#">CM095</a>.          Please provide rationale for your answer and any suggestions for improvement to each element?</p>	
	<p><b>Element 1:</b> Proposed Authority approved methodologies and ESO guidance (see pages 9-10, 55)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>We broadly support the approach and the adaptability/flexibility that non-codification would allow, as this will be necessary given imminent additional changes in the industry, in particular holistic network design.</p> <p>We also believe the requirement for a formal consultation process and Authority approval gives the safeguards needed against the ESO making material changes without scrutiny.</p> <p>If it is expected that the full Gate 2 Criteria Methodology will be implemented from January 2025, then it is necessary to have a full understanding of what the requirements are as soon as possible. Some Options Agreements might have been in negotiation for months/years already which will not be signed until after the “go live” date. We would expect the process of introducing new changes to landowners and explaining why they are needed will take several months from the point they are known to the developer. If the Methodology is not introduced until just before – or after – the go live date, we would expect that the ESO to apply a light touch approach to compliance for at least 6 months to allow for these discussions/negotiations to happen. There is a more significant point here about if/how the Methodology would be applied to CMP435, which we will include in CMP435 consultation response.</p> <p>The same point applies to the Project Designation Methodology and Connection Network Design Methodology.</p> <p>Despite our approval we have reservations being required to approve some key elements of the methodology without having had sight of the following guidance:</p> <ul style="list-style-type: none"> <li>- Significant Modification Allocation Guidance</li> <li>- Material Technology Change Guidance</li> <li>- LoA and QM Guidance</li> </ul> <p>There must be an opportunity for industry to review and propose alternatives to Authority proposed methodologies. This will add critical developers experience to avoid any impractical process or loopholes.</p>	
	<p><b>Element 2:</b> 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)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

<p>We agree with the general approach, however we seek clarification on the exact process for allocating projects and queue position within the batch at Gate 2 and full disclosure with industry input to the methodology applied, showing how the queue positions have been reached in each case. The dates of the windows for formal gates should be set and published prior to implementation</p>	
<p><b>Element 3:</b> Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>No comment. Correct that listed project application types follow the proposed process.</p>	
<p><b>Element 4:</b> Significant Modification Applications concept, including the proposed criteria and the proposed level of codification (see pages 12-13, 36-39)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>We have concerns approving the concept of 'Significant Modification Application' without having had sight of the final 'Significant Modification Allocation Guidance', and understanding how this will be applied in practice, including illustrative examples.</p> <p>In particular, clarity is sought on the circumstances in which 'Potentially Significant' changes will result in the change being in scope of the primary process, and when it will not.</p> <p>Similarly, clarity is sought on what 'reasonable' and 'fundamental' mean in the concept of a change to the location of the project – noting that the term 'completely different' location would only be useful in some very obvious cases.</p> <p>By way of example, for larger projects, if multiple packages of land from different landowners cover a wide area, it is entirely reasonable that through the course of project development that the packages of land being developed might change as a result of environmental surveys or L&amp;V assessments, and this should not impact on the fundamental provisions of the connection agreement.</p> <p>This should also be included as part of the red line boundary restrictions, ensuring that changes through the red line as a result of normal project development don't result in unnecessary and fundamental changes to the connection agreement. There needs to be greater flexibility on the provisions relating to boundary change to ensure that certain types of projects are not unfairly discriminated against for having a larger footprint made up of different landowners.</p>	
<p><b>Element 5:</b> Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>We support the clarifications of Primary Process differences.</p> <p><b>It is</b> suggested that an appropriate Letter of Authority equivalent for offshore projects might be a demonstration of pre-qualification for a seabed lease.</p> <p>It is noted that the suggested process differs noticeably from processes that have been followed with recent offshore wind leasing rounds. We do not suggest that this should prevent the clarifications from being progressed, only that it might be</p>	

<p>prudent to ensure that there is sufficient process flexibility to allow for future changes to process.</p> <p>We note that the Proposer is no longer proposing to more formally integrate both the Crown Estate and Crown Estate Scotland into the connection application process. Given recent developments with Great British Energy and Crown Estate, we suggest that it might be appropriate to review this issue to understand whether the changing circumstance mean that this scope decision should be revisited. There is concern about the reliance on the DNO for efficient processing of DFTC applications to Gate 1 and 2 given developers past experiences with project progression delays.</p>	
<p><b>Element 6:</b> 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>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We support the proposal. Note comments in Element 5 about offshore Letter of Authority. Is it realistic for the first Gate 1 application window to be run so early after implementation and shouldn't this follow the processing of the first Gate 2 application from CM435 – existing offers.</p>	
<p><b>Element 7:</b> Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>This is a very complex process and we feel that such a process is required, but that it should be simplified to facilitate efficient resolution of straightforward queries/errors. Reform is meant to clear the queue of stalled or zombie projects blocking grid and not to trip up genuine, if slow moving projects investing millions on developing projects to decarbonise the UK</p>	
<p><b>Element 8:</b> Longstop Date for Gate 1 Agreements (see pages 16, 40-41)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Given the same high application fee for Gate 1 and the time it can take to get an option in place and undertake early surveys and design then it is suggested that the longstop should be longer – 4 years. There could be a mechanism to check in to validate for network planning knowledge but then they won't have visibility of those projects which will apply for both together.</p>	
<p><b>Element 9:</b> Project Designation (see pages 17-18, 48-49)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We broadly support the concept of Project Designation. However, we have concerns that non-codification of the rules and the fact that the Project Designation Methodology sits outside of CUSC might allow the rules to be applied inconsistently, possibly resulting in unfair discrimination against particular projects or developers. Given the public ownership of NESO, we are unsure of how independent scrutiny will be applied and how routes of appeal will operate.</p>	

<p>It remains unclear exactly what the scope of Project Designation will include, and we require that more detail and/or case studies are provided to illustrate, and that there are clear limitations imposed.</p>	
<p><b>Element 10:</b> Connection Point and Capacity Reservation (proposed to not be codified within the CUSC, but is intended to be codified within the STC through modification <u>CM095</u> – see pages 18-20 and the <u>CM095 Workgroup Consultation</u>, pages 6-10<a href="https://www.nationalgrideso.com/document/322801/download">https://www.nationalgrideso.com/document/322801/download</a>)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>We support the principle of connection point and capacity reservation, however we are concerned that there are very little measures in place to ensure consistent and limited application. The guidance outlines that the intention is that it will be used in only limited circumstances, however there is nothing in the Proposer's solution which controls or prevents its application. Under these circumstances there would be nothing to stop the process being applied unfettered in increasingly broad circumstances, particularly given the imminent move to an increasingly centralised network design process. There is a significant risk that legitimate developers who would otherwise have been granted capacity and/or a bay being discriminated against through an increasingly loose interpretation of what circumstances might be reasonable for the application of the capacity/bay reservation methodology.</p> <p>Codification through the STC does not leave any recourse for dispute to developers who are accede only to the CUSC and not the STC. Give the potential impact to developers of the capacity/connection point reservation, we are concerned that there will be no appropriate mechanism to resolve disputes about its application.</p>	
<p><b>Element 11:</b> 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)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>We require that NGESO clarify whether the requirement for a 3 year option period is a minimum of 3 years from the date on which the Option Agreement is entered into, or a minimum of 3 years from the date on which the Gate 2 application is submitted. We suggest it should be the former.</p> <p>We continue to have reservations about the use of option agreements as representing a robust mechanism for achieving the objectives. Without a clear definition of what constitutes an Option Agreement it will be impossible for the NGESO to objectively assess compliance equitably. The lack of clear definition also doesn't sufficiently exclude the possibility of developers 'gaming' the system by providing apparent 'option agreements' that are in fact not fully negotiated or agreed, but which might have been confected solely for the purpose of achieving Gate 2.</p> <p>Could further clarity be provided on what NGESO mean by an option. Can missives meet this milestone?</p> <p>Completing an option is a timely and expensive task which is rarely undertaken without the confidence of a viable grid connection (offer). The standard length of</p>	



options has previously been raised and its inefficient to have an option starting too early in the design and planning stages.

The position that the ESO does not propose any exemption for a developer using powers of compulsory acquisition appears illogical. A developer is most likely to acquire powers of compulsory acquisition via the planning process (as part of a DCO). That would presumably mean that the developer would have to run the entire DCO process – an enormous expense – before submitting a Gate 2 application and knowing for sure that a connection is available for the proposed project. This would make use of compulsory powers for land assembly impossible and goes contrary to existing policy which allows NSIPs for large scale generation to have powers of compulsory acquisition where a case has been made out for them.

Land rights relating to 100% energy density by technology is now an accepted criteria at initial application but this and the redline boundary must have some flexibility to develop as the scheme layout develops post Gate 2 and prior to planning. There are multiple influences which might change requirements. We don't understand the need to penalise developers if there is >50% change.

We disagree with the proposal for developers to submit application for planning at the earliest of the options (i) and (ii). We suggest that the option (ii) should be the methodology for all circumstances.

Notwithstanding our disagreement with the process, if the proposed methodology is nonetheless adopted, the timescales that are presented for the different planning regimes are not reasonable.


As an example, most wind applications require a minimum of two years of bird surveys in addition to the land assembly and negotiations required to enable the surveys, which typically would only be possible to progress post grid offer once a degree of practical design and financial investment is confirmed.

It is noted that in many cases planning permission expires after three years, which would act to prevent early development of projects.

In terms of specific planning regimes:

- T&C: See above in relation to an absolute minimum of two years
- Section 36|: See above in relation to an absolute minimum of two years
- DNS: See above in relation to an absolute minimum of two years
- NSIP/DCO:

A timescale of two years for submission of planning consent from acceptance of a Gate 2 offer is unrealistic, and even the three years as outlined by the Workgroup is ambitious. If these timescales are fixed, there needs to be flexibility on either evidentiary requirements or timings as timescales are driven by statutory process with the Secretary of State, over which the Developer has no influence. It is possible to demonstrate progress through the DCO process even if a Developer is prevented from achieving the deadline as a result of external parties. Equally the activities of scoping and public consultation are public evidence of progress.

<p>Such short deadlines simply don't allow for any delay or variation to the planning design which can be affected post Gate 2 due to ecology, transport, aviation, telecoms, L&amp;V etc. QM has been put in place to monitor and drive connections forward in a sustainable way towards connection dates.</p> <p>Early planning application and consent leading to expiry is not the way to proceed and such rules with implications could be damaging to investor confidence.</p> <p> Offshore wind:</p> <p>Industry expectations are for the submission of a scoping report within 2 years, and submission of a full consent application for the wind farm and export cable route within 6 years, of a seabed lease award. There may be extenuating circumstances which would lengthen these periods.</p>	
<b>Element 12:</b> Setting out the general arrangements in relation to Gate 2 (see pages 25-26, 47)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Agree subject to detail on when Gate 2 considerations will be and applicability for existing under CMP435/	
<b>Element 13:</b> Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We support the proposals, however there's no clear explanation as to how duplication checks will be managed for co-located projects. It is possible that a single project might have two technologies at the same location, and that they have different grid connections. The allocation of land between the technologies might not have been defined aside from ensuring that there is sufficient land under the energy density requirements. There might be a single option agreement or have two (or more) overlapping option agreements. In either case there is a risk that this would fail a duplication check, despite the fact that there is sufficient land for both projects.</p> <p>There is also a need for templates and adequate timing for submission to be confirmed in guidance. Pre app service required to consider acceleration opportunities. The redistribution of capacity needs to be clarified throughout the CMP434/435 process.</p>	
<b>Element 14:</b> Gate 2 Offer and Project Site Location Change (see pages 28, 46)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>We do not see this mechanism as helpful. If a different connection point is offered then 12 months is unlikely to be long enough to identify suitable replacement land for the project or prepare and resubmit application for planning, negotiate HoTs/ exclusivity and then fully negotiate a suitable option and lease with the new landowner(s). However, including the mechanism could lead to 12 month pauses on projects while developers assess their options, which doesn't help with queue reduction. The proposed guards against this (loss of original site etc.) would</p>	



	appear to have limited effect – if the original site is unusable due to lack of grid connection then it is no great issue to lose it.	
	<b>Element 15:</b> 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
	We strongly feel that if there should be a different fee structure and application process for a Gate 1 offer that provides limited certainty to the developer. Timely processing in the gated processes raises questions about ESO resource capability to fulfil batched large volume licenced process. We need to see the guidelines of the gate 2 queue	
	<b>Element 16:</b> Introducing the proposed Connections Network Design Methodology (CNDM) (see pages 29, 53-55)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	The development of CNDM is critical to understand the reallocation of capacity and the guidance must be developed alongside industry workgroup and published for reference in advance of implementation date. Whether this may also link to ESO powers of project designation needs clarifying.	
	<b>Element 17:</b> 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	We support the DFTC process but flag concern and reliance on DNO to fulfil process in timely fashion on developers behalf	
	<b>Element 18:</b> 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<a href="#">Click or tap here to enter text.</a>	
6	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)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	See above in relation to <u>planning deadlines</u> and calculation methodology.	
7	As per question 6, are there any additional features which you believe should be included as part of Minimum	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

	<p>Viable Product reform to the connections process?</p> <p>The overarching objective of this exercise is to remove 'zombie projects' with no reasonable expectation of delivery, rather than to discriminate against legitimate complex projects which do take time to secure and prepare, and so may be disadvantaged because of inflexible and inappropriate regulations. The argument that a later Gate 2 application might provide an equal or improved grid connection date is unproven.</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> <p>We see the value of Gate 1 from a network planning perspective so think that it should be mandatory, however given the lack of benefit to the developer we do not think that they should be required to make payments to achieve Gate 1, or at least only have a nominal administrative fee. .</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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> <p>Other types of projects that would be unduly discriminated against:</p> <ul style="list-style-type: none"> <li>• Projects with multiple landowners/land packages are discriminated against through the red line boundary change process (see above).</li> <li>• Recently accepted (2024) offers might not have had time to conclude land options or undertake early planning work.</li> <li>• Any projects with late 2030's connection dates are likely to have planning and option expiry time out before their connection date.</li> <li>• Any projects with unconfirmed POC, detrimentally affecting project development timescales.</li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
10	<p>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 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>(a) We do not support forward calculated M1 milestones, and don't believe this mitigates the outlined risk</p> <p>(b) CfD style 10% developer spend could be a credible consideration of progress but difficult to administer</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

	<p>(c) This could be a helpful clarification to be used in conjunction with longer planning submission deadlines, however this won't help the majority of projects.</p> <p>(d) This does have merit, the timescales should be carefully considered. Given the three year lifetime a planning permission any connection dates would need to accommodate the full planning lifecycle, certainly not longer than eight years.</p> <p>(e) This is not a process developers should be forced to follow as there are risks it won't be reconsented due to change in policy or environmental factors</p> <p>We can suggest alternative pre planning milestones might be monitored eg scoping and public exhibitions, websites etc.</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>tbc</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</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 type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>
<p>No issues, but they need to be consulted on appropriately, and the absence of finalised versions makes reaching informed decisions on some questions in this consultation challenging.</p>		