

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:	Zachary Gray	
Company name:	Hydrostor, Inc.	
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Phone number:	+1 905-923-4423	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input 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?	Mark the Objectives which you believe the Original solution better facilitates: Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
Please see responses to specific Consultation questions.		
2	Do you support the proposed implementation approach? (see pages 59-61)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Please see responses to specific Consultation questions.		
3	Do you have any other comments?	
No further comments.		
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input type="checkbox"/> No
Hydrostor advocates that the Workgroup consider long-duration energy storage (LDES) deployment		

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
No further comment.		
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 type="checkbox"/> No

No further comment.	
Element 3: Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)	<input type="checkbox"/> Yes <input type="checkbox"/> No
No further comment.	
Element 4: Significant Modification Applications concept, including the proposed criteria and the proposed level of codification (see pages 12-13, 36-39)	<input type="checkbox"/> Yes <input type="checkbox"/> No
No further comment.	
Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)	<input type="checkbox"/> Yes <input type="checkbox"/> No
No further comment.	
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 type="checkbox"/> No
No further comment.	
Element 7: Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)	<input type="checkbox"/> Yes <input type="checkbox"/> No
No further comment.	
Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)	<input type="checkbox"/> Yes <input type="checkbox"/> No
No further comment.	
Element 9: Project Designation (see pages 17-18, 48-49)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Regarding Element 9 Hydrostor would encourage the acceleration of LDES projects to Gate 2 as a method of reducing system/network constraints. We would encourage ESO to publish its SSEP so that ongoing LDES projects can work identify and develop new projects that are aligned with the network's needs. Within the SSEP publication it will be important to demonstrate that the long-term requirements for the services provided by LDES have been accounted for adequately and that the assessment has not been carried out whilst considering the needs of the current network only.</p> <p>Further to Element 9, while the idea of project designation favouring LDES regarding rationale (c) "materially reduce system/network constraints", is welcomed we agree that ESO being able to prioritise and play favourites with connections is of concern. We echo the suggestion of a dispute process regarding projects negatively affected by the acceleration, through Project Designation, of others.</p>	

<p>Our concern is that making decisions today to meet Net Zero may have unintended consequences in the future. ESO should only approach this if they are confident that the results of the SSEP adequately accounts for the future changes to the electricity network. If a different technology mix is required in the coming decades, it may be more difficult to enable this as technologies were discounted that would be of benefit, and accelerated schemes may prove to be less useful than they appear currently.</p> <p>We believe it is important that, if there is an annual application window, each application should be treated consistently. The release date of the offers should be aligned, especially if ESO moves away from the current 3-month turnaround from clock start. Otherwise, the concern is that project that receive their offer earlier than others that applied in the same window, will be given a competitive advantage over others. See also our concerns regarding element 15.</p>	
<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)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>No further comment.</p>	
<p>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)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Gate 2 criteria (11.1) appears very weak, especially the evidentiary requirements as per element 13. We believe it is very unlikely that 50% of the queue will fallout as a result of the gate criteria, which we understand is the desired effect NESO is looking for. In fact, the current uncertainty surrounding the queue reforms and the connections process seems likely to encourage projects to remain in their Gate 1 or 2 positions for as long as possible while the details surrounding their point of connection is confirmed. This holds especially true if cancellation liabilities are waved.</p> <p>Regarding 11.3, we do not believe there should be any restrictions regarding changing land to supply the TEC capacity especially while the exact location of the point of connection is not confirmed by NESO. E.g. where “Connection Node C” is offered as the point of connection and the TO is unable to confirm if/where this will be built. Furthermore, it is unclear what NESO is trying to achieve by restricting the percentage of the project that can be built out by the original redline boundary. We view this as an unnecessary blocker to net zero particularly where projects struggle to gain full consents due to unknown environmental constraints and then lose the flexibility to address these constraints by utilising the nearby land.</p> <p>Further to this, the point of connection offered at Gate 2 should be more robust than those currently on offer from NESO. Un-sited substations should not be seen as sufficient for a Gate 2 connection offer. There should be certainty over the point of connection at progression to Gate 2.</p>	

<p>Lastly, the stipulation of achieving a DCO within two to three years of progressing to Gate 2 applied undue pressure to large-scale energy infrastructure projects, which are often subject to more rigorous examinations.</p>	
<p>Element 12: Setting out the general arrangements in relation to Gate 2 (see pages 25-26, 47)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>No further comment.</p>	
<p>Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>No further comment.</p>	
<p>Element 14: Gate 2 Offer and Project Site Location Change (see pages 28, 46)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>No further comment.</p>	
<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)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>If NESO moves away from the 3-month period and there is an application window, each project should be treated the same and all applications should receive their offer at the same time to avoid NESO giving competitive advantage.</p> <p>Hydrostor agrees with the concerns raised in the Workgroups around not codifying the reallocation mechanism. The decision to include the reallocation mechanism within the Connections Network Design Methodology (CNDM) (Element 16) is troubling as it is a crucial aspect to connections reform and to leave it out of codification suggests a desire to adjust it in the future which is detrimental to developer's long-term planning.</p> <p>LDES should be included as a major aspect of whatever CNDM is published by ESO and we agree with the suggestion that ESO should be obligated to include industry representatives on the content of the CNDM.</p>	
<p>Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (see pages 29, 53-55)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Further to element 16, if the CNDM remains uncoded, is vital that the approach taken appropriately considers the role LDES will play in the grid moving forward. We would suggest that within the CNDM an appropriate degree of capacity is reserved for LDES, that considers the future changes to the generation mix and the demands to the electricity network, including a large uptake in offshore wind.</p>	
<p>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</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

	Stations or Relevant Embedded Medium Power Stations aligned to the Gate 1 Application Window (see pages 30-33, 51-53)	
	No further comment.	
	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
	No further comment.	
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 type="checkbox"/> No
	No further comment.	
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
	No further comment.	
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 type="checkbox"/> No
	No further comment.	
9	Do you believe that the proposed Gate 1 and Gate	<input type="checkbox"/> Yes <input type="checkbox"/> No

	2 process could duly or unduly discriminate against any types of projects? If so, do you believe this is justified?	
	No further comment.	
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 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).	<input type="checkbox"/> Yes <input type="checkbox"/> No
	No further comment.	
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 type="checkbox"/> No
	No further comment.	
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 type="checkbox"/> Yes <input type="checkbox"/> No
	No further comment.	