

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:	Patrick Smart	
Company name:	RES UK and Ireland Limited	
Email address:	patrick.smart@res-group.com	
Phone number:	07500 229648	
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 checked="" type="checkbox"/>A <input checked="" type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D</td> </tr> </table> <p>Whilst there remains a lot of detail to be worked through to ensure the proposed arrangements meet their objectives, we think the core features of the original proposal should better facilitate Applicable Objectives A and B, We think it would be neutral in respect of Applicable Objective D and we are unable to comment on Applicable Objective C.</p>	Original	<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
Original	<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D			
2	Do you support the proposed implementation approach? (see pages 59-61)	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>RES understands the urgency of the need for reform and that it is this that is driving current implementation approach and timescales. However, at the time of writing, there is still a lot of detail that is not understood and a lot of work to do put CMP434 into legal / operational effect. We support delivery of change in the timeliest manner reasonably practicable however it is of paramount importance to the delivery of Net Zero that this change does not adversely affect investor confidence. Vigilance on identifying / mitigating foreseeable unintended consequences must remain of the highest priority.</p>		
3	Do you have any other comments?	<p>We have provided input to the REUK response to this consultation and generally support that response.</p> <p>The following comment is probably more applicable to CMP 435 however time constraints prevent us from submitting a separate response. Application of current NGESO cancellation charge rules and associated invoicing upon termination of grid agreements is providing a perverse incentive on projects that are not ready to build to stay in the grid queue at a time when the UK Government Connections Action Plan seeks for those projects to terminate their grid agreements. This is imposing significant cost on developers with no benefit to the energy consumers. Now that the outline of the Connections Reform proposals to be implemented on 1 January 2025 have been made public through this consultation, it seems obvious that a further TEC amnesty would reap significant benefits in reducing the GB grid queue.</p>		

4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/> No
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)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Support in principle is given on the understanding that “Methodologies” will be in a form approved by Ofgem and subject to industry governance. The regulatory and contractual status of “ESO Guidance” is unclear. If ESO Guidance documents are to be relied upon for material aspects of new grid connection offer terms then that ESO Guidance must be subject to suitable governance.	
	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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Window frequency We support the move to an application window with two formal gate processes. We agree with the strategy to move to an annual process in the first instance, but once a year going forward is too infrequent. If a project misses the gate, that project has to wait for a further 12 months before it can enter again which adds additional delays and costs to a project. Only having one window a year could also encourage projects to be rushed and enter the process before they are ready in order to avoid the 12 month wait. This would increase the number of speculative projects in Gate 1 therefore undermining the coordinated network design approach and early investment signals. We think these risks would be reduced if the windows were every 6 months. The workgroup should consider an application every 6 months after the first year.	
	Process efficiency Where the ESO receives a BEGA/BELLA application, the requirement to notify the DNO/transmission connected iDNO will still apply, as per the current BAU process. However current BAU process is inefficient and does not work properly.	

Competency check and approval is critical when Gate 1 application has a cut-off date (cliff edge). This process therefore needs to be considered and improved.

Post Gate 1 - Progress Tracking

Although it must not be as immediate termination as M1, M2 and M3, there must be some progress tracking process from Gate 1 to Gate 2 where ESO could remove projects which are not progressing. We think such an approach is more efficient than an arbitrary "Longstop Date".

Gate 1 information for anticipatory investment

The tracking of project progression between Gate 1 and Gate 2 (as set out above) should be considered in network planning. This tracking can serve as a signal for anticipatory investment ahead of reaching Gate 2. The link between Gate 1 generator progress data and network planning must be formally established in an ESO document.

Currently, there is no incentive for generators to enter the Gate 1 process other than to obtain an indicative date and location. However, if there is an opportunity to advance the connection date through enabling anticipatory investment, this can serve as a strong incentive for generators to enter the Gate 1 process.

Gate 1 Offer

Gate 1 connection location must be sufficiently specific to enable wider project development activities. Significant change to connection point can completely undermine fundamental property and planning preparation activities so must be avoided.

Post Gate 1 - Validations

Transmission licensees must provide sufficient information in the public domain for developers to carry out early feasibility assessments of grid connection. This must include information about indicative connection nodes that the ESO is considering in each annual window with their development progress.

The ESO could also consider providing a self-service tool to provide estimated forecasted cancellation charge (S-curve) for various nodes.

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

☒ Yes

☐ No

Embedded demand

We note that embedded demand is out of scope. Given the significance of embedded flexibility in integrating new renewables necessary to achieve Net Zero this is something that will need to be picked up with reasonably urgency post-implementation of CMP 434.

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
<p>Our reading of the current proposal doesn't seem to be clear on whether the proposed rules would apply to Gate 2 only or to also include Gate 1. We support any significant modification application rule to be applied from Gate 2 onwards only.</p> <p>Details of this significant modification application guidance must be published and consulted with the industry as soon as possible since it will have material impact on existing projects that will transition into Gate 2.</p> <p>We agree with the level of codification proposed. It provides the right balance of regulatory oversight and flexibility. We would like to understand the changes management process/governance of the guidance documents post implementation. Strong governance of these documents will be crucial in protecting investor confidence.</p>	
Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>In principle we agree this merits further consideration however further detail is required before we can provide more specific feedback.</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)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Click or tap here to enter text.</p>	
Element 7: Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Descoping is noted, however treatment of embedded projects with no bilateral agreement with NGESO require particular consideration.</p>	
Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>See Element 2 Gate 1 progress tracking. Long stop date is not required thereafter.</p>	
Element 9: Project Designation (see pages 17-18, 48-49)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We understand the justification for this proposal in principal (in light of the priority of Net Zero), but these arrangements need to be very clearly defined, transparent and subject to strong governance if they are not to damage investor confidence. The devil will be in the detail and we will comment in due course. No further comment at this point.</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 https://www.nationalgrideso.com/document/322801/download)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
No comment.	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Again, our support is provided in principal and based on the assumption that necessary levels of additional detail will be provided in due course.</p> <p>The Workgroup Report Consultation seems to indicate that the Redline Boundary referred to will relate to the land secured under Option. We would welcome clarification of this point.</p> <ol style="list-style-type: none"> Option Red Line Boundary <p>There is currently ambiguity in the workgroup document around when the rule around 50% change to the options red line boundary would apply - during gate 1 or gate 2 or both?</p> <p>With regards to the 50% change to the option red line boundary, we are supportive of this percentage threshold. We particularly discourage the workgroup from removing all restriction on red line boundary change. We think this would leave the reformed processes open to abuse.</p> Gate 2 Criteria <p>We understand that the workgroup may still be considering additional criteria for Gate 2 in light of the results of the NGESO RFI. This can be a sample of grid compliance studies, but instead of actual generator data, studies will be carried out using a set of generic generator parameters (DRC1) to identify the immediate technical concerns. We think there is merit in including additional criteria relating to technical studies demonstrating compliance and grid impact of the project which would demonstrate project integrity and contribute to efficiency of connections delivery.</p> <p>In relation to the core criterion for Gate 2, we think there may be merit in giving developers the option to choose securing of Land Option OR submission of planning application as suitable demonstration of progression.</p> Post Gate 2 Queue Milestones <p>We understand that the proposed connections process reform require that milestone M1 should now be calculated forwards (based on a standard time period</p> 	

<p>for each planning type) to include potential for acceptance of the Gate 2 offer to M1.</p> <p>However, M1 and M2 are termination milestones with no NGESO discretion on flexibility. Flexibility around the M2 milestone going forward requires particular further consideration.</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
<p>No comment at this point.</p>	
Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Evidence of option agreements</p> <p>We think that relying upon a Director self-declaration alone allows too much room for gaming. It is possible that Directors are able to back date a declaration, the date which would determine your position in the Gate 2 queue. We understand that the sheer volume of evidence that will need to be reviewed at implementation makes it infeasible for NGESO to review all evidence of land options, however we suggest that any approach based on self declaration (supported by sample checking) may need to be benefit from measures to encourage adherence to process.</p>	
Element 14: Gate 2 Offer and Project Site Location Change (see pages 28, 46)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>The point of connection is a significant driver into overall project strategies and planning submissions.</p> <p>The indicative point of connection location needs to be helpful to the planning process in Gate 1. If the site going through planning ends up being allocated to a point of connection in Gate 2 significantly remote from that assumed in Gate 1, then a developers work on planning, land surveys etc are redundant. The 12-month timeline is not an efficient use of the developer's time.</p> <p>The indicative location given needs to be specific enough location so that developers will not need to move the location of the site significantly, and therefore need to start the development process again.</p> <p>As soon as it is known, the developer needs to be told where is the next best location. The Gate 1 offer must be updated to reflect the new indicative location of network connection as that evolves.</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

No specific comment at this point.		
Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (see pages 29, 53-55)		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Waiting for the detail and proposed governance arrangements.		
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
We support the concept of the DFTC however the interaction between Distribution connected system users and the GB transmission licensees is an area where there will be significant pressure the reformed connection processes. We think there is a lot of detail to be worked up and there will need to be swift / efficient governance arrangements as improvements are inevitably going to be required.		
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 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 checked="" type="checkbox"/> No
No 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 checked="" type="checkbox"/> No
No comment		
8	Do you agree that the Gate 1 process should be a mandatory process step, or do you think Gate	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

	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?	
	In the early stages of TMO4+ we can see the case for allowing a “straight to Gate 2” option in exceptional circumstances. However, in the longer term we think it should be mandatory to enable the ESO to get a view of project pipeline and to inform TO investment needs cases.	
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
	Particular focus must be given to embedded projects, embedded flexibility and to the detail of the DFTC arrangements.	
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 checked="" type="checkbox"/> No
	We don't think the CUSC is the right place for provisions relating to planning strategy.	
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
	At this stage we think there is insufficient detail on how the CMP434 process will work for embedded projects in order to form a view on whether it can function without DFTC.	
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

We think that, such is the significance of DFTC, CNDM and Project Designation to the overall effectiveness of the reformed connections process, these arrangements must be subject to formal governance. For this reason we support use of Ofgem approved methodology published under licence obligation.
