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Connections Reform

Consultation Response Proforma

Your feedback is important to this process. Please take this opportunity to provide any feedback that you may have. To aid your response, each question is linked back to the relevant document for ease of reference.

Please provide your feedback using this Proforma and sending an electronic copy to **box.connectionsreform@nationalenergyso.com** by **5pm** on the closing date of **2nd December 2024**.

We encourage early submission ahead of the deadline where possible to aid the processing of responses.

Respondent Details	
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Which category 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 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
Is this response confidential?	<input type="checkbox"/> Yes – I do not wish for this response to be shared publicly; however, I understand it will be shared with Ofgem

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☒ No – I am happy for my response to be available publicly

Section 1 – Policy

You can find the relevant information in the **Great Britain's Connections Reform: Overview Document**

1. Do you agree with our intention to align the connections process to Government's Clean Power 2030 Action Plan?

You can find the relevant information in **Section 2 – Context**

Overall, Centrica supports NESO and the Government's intention to align the connections process to the Clean Power 2030 Action Plan (CP30).

The state of the connections queue requires ambitious and radical change. We agree with the 'case for change' set out by NESO and Ofgem (in this consultation and other recent documents) for moving to a ready and needed approach without delay.

We propose exempting small local decarbonisation projects from CP30 alignment

We believe one type of customer needs to be taken out of the Gate 2/CNDM processes that require alignment with CP30. These are the smallest decarbonisation projects that fall under 5-7.5MW and connect to the distribution network. Such projects, which can't relocate to find grid capacity, risk being delayed or even blocked by the CNDM process. Typical examples are:

- public sector sites with local benefits such as, NHS hospitals and education facilities
- manufacturing facilities supporting the development of UK industry, in line with Ofgem's growth duty
- community energy projects.

We support delivery of the Connections Action Plan action to reconsider the Transmission Impact Assessment (TIA) threshold based on the paper recently presented to the Connections Delivery Board. However, we understand a code change is unlikely to be implemented before go-live of the Connections Reform package.

We recommend that, NESO and Ofgem pre-empt a future TIA code change by exempting those smallest projects from CNDM CP30-needed test via the Methodologies. This has several benefits, including:

- avoiding delays to decarbonisation and energy cost reduction for local projects
- supporting development of UK industry (growth & jobs)
- reducing the number of projects in the 'whole queue to new queue' process, and
- avoiding distortions between small projects applying before and after implementation of a code change to increase TIA threshold

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We do not support preferential treatment for projects with CfD or CM contracts

NESO's draft CNDM Methodology does not look at whether a project holds a CfD or CM contract. We believe this is the correct approach.

Alignment of the connections process with CP30 should not differentiate between projects based on their chosen Route to Market. Our current thinking is that projects with CfD or CM contracts should not be given preferential treatment against CP30 need over purely merchant projects. That could be a) discriminatory and b) undermine the purpose of Connections Reform.

Instead, risks arising from the alignment process for existing CfD and CM contract holders could be mitigated through changes to the CfD/CM regime.

2. Do you agree with our proposal for overall design 2 (that the reformed connections queue should be limited to and prioritised to only include ready projects that align with Government's Clean Power 2030 Action Plan, NESO Designated Projects, and directly connected demand projects outside the scope of Government Clean Power 2030 Action Plan)?

You can find the relevant information in **Section 5 – Our overall preferred connections reform design**

Yes.

Centrica believes Design 2 would provide the most certainty to both NESO and project developers. Design 2 will provide clarity to developers on what is needed – therefore providing long-term investment certainty to developers as well as NESO, TOs and DNOs.

We agree with the benefits NESO describes on p40, but these benefits will only be achieved with effective, transparent and timely implementation by NESO and the networks.

3. Do you think all 'ready' projects should be included in the reformed connections queue (overall design 3)? If so, how would you propose that we mitigate risks to consumers or developers of material misalignment to the SSEP?

You can find the relevant information in **Section 6 – Assessment of alternative design for connections reform**

No. Design 3 would retain defects from the existing regime.

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4. Do you agree that the reformed connections queue should initially focus on the 2035 time horizon?
You can find the relevant information in Section 4 – Key building blocks for aligning connections to strategic energy plans
<p>Yes.</p> <p>We agree with NESO’s approach of considering the 2025–30 and 2030–35 periods.</p>

Implementation Questions

You can find the relevant information in the **Great Britain’s Connections Reform: Overview Document**

5. Do NESO’s preferred options against each of the variables discussed in the Overview Document best deliver efficient alignment to Government CP30 Plan?
You can find the relevant information in Section 5 – Our overall preferred connections reform design and Section 7 – Further variables and options to align connections reform with strategic energy planning
<p>We largely agree with NESO’s preferred options with the caveat that there is insufficient detail on some options to provide a full assessment.</p> <p>9. Does CP30 alignment apply to Transmission (T) and Distribution (D)? – OK with the proposed approach. DNOs need to be ready and resourced to carry out the ‘ready’ and ‘needed’ test, with processes agreed with NESO. We are missing confirmation of DNOs’ roles under the other variables, including implementing the substitutions relating to undersupply and attrition, especially if substitution is allowed between adjacent transmission and distribution zones.</p> <p>11. How do we order projects to determine CP30 alignment? – agree that NESO proposal of ‘Combination of existing queue position and planning status’ best delivers efficient alignment to CP30. NESO must ensure clarity and fairness on how embedded projects will be intercalculated into the combined transmission and distribution queue. Many embedded projects have already been disadvantaged against their transmission-connecting projects due to the long delays to DNO submission of Project Progression. We suggest NESO provides some case-study examples of a DNO zone is managed for a single technology, where there are multiple GSPs and multiple historic Project Progressions, as proposed in the Renewable UK response.</p>

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6. Do the methodologies deliver our preferred options against each of the variables?

You can find the relevant information in **Section 3 – Overview of framework of codes and methodologies for connections reform**

Broadly, yes.

There is missing detail around the process for embedded projects. This can be evidenced in the fact that Ofgem has not been able to propose red-lined licence changes to the Distribution Licence in its open consultation on ‘Proposed licence changes to enable TMO4+ Connections Reform.’

7. Are there key policy areas that are not covered by our preferred options against each of the variables or that would not be delivered by the methodologies?

You can find the relevant information in **Section 5 – Our overall preferred connections reform design** and **Section 7 – Further variables and options to align connections reform with strategic energy planning**

Further clarity is needed on the process for embedded generation.

Ideally an urgent code change should be raised to raise the TIA threshold, and for this to take effect at the same time as the Connections Reform package goes live. As we mention in response to Q1, the methodologies could be used to take small projects out of the ‘needed’ test.

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8. Do you agree with our approach to managing project attrition between 2025–2030, and 2031–2035, whilst ensuring that the SSEP can deliver maximum benefits to GB consumers?

You can find the relevant information at **Section 7 – Further variables and options to align connections reform with strategic energy planning**

Yes, but detail is needed on how this would apply to embedded generation, including whether embedded projects could replace attrition in an adjacent transmission zone (if technically possible).

Connections Network Design Methodology

You can find the relevant information in the **Connections Network Design Methodology – Detailed Document**

9. Do you agree with the approach to applying the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria to the existing queue and future Gate 2 Tranches?

Yes, Centrica broadly agrees with agrees with NESO’s approach to applying the Gate 2 Readiness Criteria and Strategic Alignment Criteria to both the existing queue and future Gate 2 Tranches.

This is subject to NESO and DESNZ providing clarity on the final locational and technology ‘pots’ that will be used for Strategic Alignment following publication of Government’s final Clean Power 2030 Action Plan (CP30 Plan). Stakeholders have challenged some of the data in NESO’s 5 November Clean Power 2030 Report documents – especially assumptions on the solar PV data. NESO must communicate any changes made because of this feedback.

NESO and DESNZ must ensure that the CNDM is fair and proportionate for Relevant Embedded Generation and Storage, including on how embedded projects are intercalculated into the regional T/D combined queue. Many embedded projects have already been disadvantaged against their transmission-connecting projects due to the long delays to DNO submission of Project Progression.

It’s not 100% clear how the CNDM processes would be managed by DNOs. We suggest NESO provides some case-study examples of a DNO zone is managed for a single technology, where there are multiple GSPs and multiple historic Project Progressions, as proposed in the Renewable UK response.

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As we've mentioned elsewhere, we believe that the smallest embedded projects should be exempted from the CNDM Strategic Alignment for go-live, in the expectation that such projects will ultimately be de-scoped from the entire process by raising the TIA threshold.

10. Do you agree with the approach to managing advancement requests?

Yes.

11. Do you agree with the approach to reserving Connection Points and Capacity at Gate 1?

Probably – it's difficult to say as there is limited information on how this would operate.

It's not clear if and how the action of reserving connection points and capacity would be recorded and communicated to the market. Nor is it clear how NESO's decision making could be held to account.

12. Do you agree with the approaches to reallocating capacity when 2030 pathway projects and 2035 pathway projects exit the queue?

Yes, in principle.

We'd like to see more transparency and better quality data around the transmission and distribution queue. As a developer we'd want to be able to look at the publicly available data and accurately model how our projects could advance through this process – or equally, model the advancement decisions NESO/DNOs have made for other projects.

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Gate 2 Criteria Methodology

You can find the relevant information in the [Gate 2 Criteria Methodology- Detailed Document](#)

<p>13. Do you agree with the following elements of this Gate 2 Criteria Methodology?</p> <ul style="list-style-type: none"> a. Gate 2 Readiness Criteria – Land (Chapter 4) b. Gate 2 Readiness Criteria – Planning (Chapter 5) c. Gate 2 Criteria Evidence assessment (Chapter 8) d. Self-Declaration Templates (Chapter 9)
<p><i>Please insert your answer here for a).</i></p> <p>Yes</p>
<p><i>Please insert your answer here for b).</i></p> <p>Yes</p>
<p><i>Please insert your answer here for c).</i></p> <p>Yes</p>
<p><i>Please insert your answer here for d).</i></p> <p>Yes</p>

<p>14. Do you agree that the alternative route of meeting the Gate 2 Readiness Criteria should be only limited to projects that seek planning consent through the Development Consent Order route?</p>
<p>Yes. This alternative should only be used for DCO projects.</p>

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Project Designation Methodology

You can find the relevant information in the **Project Designation Methodology - Detailed Document**

15. Do you agree that the categories of projects that we have identified are the appropriate ones to potentially be designated?

The categories are too vague – given that for example many projects could argue they could be used to materially reduce constraints.

16. Do you agree with the proposed criteria for assessing Designated Projects?

It is not clear enough what 'exceptional' bar is that projects need to pass to qualify as being Designated.

17. Do you agree with the indicative process NESO will follow for designating projects?

Transparency and NESO accountability will be key.

The formal application to NESO for a project to be designated should be published on the NESO website. This would allow third parties to make representations to NESO in support of or against the application.

4.1.4.2 – "Users" should mean that both the applicant and third-party Users should be able to appeal the NESO designation. When will NESO publish details of the appeals process?

Additional Questions

18. Do you have any other comments (including whether there was anything else you were expecting to be covered in these documents)?

NESO, Ofgem, DESNZ and LCCC as appropriate should consider changes to Capacity Market and CfD documentation to ensure that the resulting changes to the connections process are reflected in the CM/CfD regimes and CM/CfD holders are not unfairly penalised e.g. with financial penalties or barriers to future participation.