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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 <input checked="" type="checkbox"/> No – I am happy for my response to be available publicly

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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**

We have been clear in our position, along with wider industry, in recognising the problems being faced by developers with an unacceptably large grid connection queue and overly delayed connection dates. Together, this generates unnecessary costs and creates challenges for developers, adding investment risk to renewable generation projects and threatens the achievement of Britain's decarbonisation targets.

We support the move from the existing 'first come, first served' connection policy to a 'first ready, first connected' approach, but recognise that to fully achieve such an ambition will necessitate a change to which projects connect and where.

Whilst we agree with the intention to align the connection process to the Government's Clean Power 2030 (CP2030) Action Plan, transparency to its deployment will be key for industry and must deliver for a fair and equitable approach for both transmission and distribution connections.

Concerns from industry have been raised regarding some of the assumptions and recommendations set out within the NESO CP2030 Advice to Government. It is therefore critical that NESO work to address those concerns as part of their on-going engagement with Ofgem and Government to ensure the final recommendations provide a meaningful starting point for moving forward to establish a new queue under a reformed process.

It is also important that the detail of the CP2030 Action Plan, along with the details underlying Phases 1 & 2 which NESO will refer to when applying the alignment of projects to the strategic planning criteria, is made available to industry as soon as possible. We expect this detail will be provided in the government's final CP2030 Action Plan. Having this level of transparency is just as important as transparency on the latest connection queue, in terms of supporting investment decisions.

Throughout our engagement, we do not believe that the impact of connection reform proposals on DNOs and the embedded generation projects has been fully considered or developed in line with the NESO proposals. If the necessary processes are not in place for DNOs and their customers to align with those projects connecting at transmission, they will be placed in a disadvantaged position from go live. We believe this remains a key risk area. Industry must be provided with assurances that the NESO/TO and DNO processes are fully developed, aligned and in place ready for go live.

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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**

We agree with the proposal that the starting position for determining a reformed connections queue should consider those projects that align with the CP2030 Action Plan. We accept that such an approach should seek to prioritise the projects that are most ready and critical to facilitate the clean power targets of 2030 and strategic national objectives to address demand needs. As noted in our response to Q1, it is however important that detail of the CP2030 Action Plan, along with the details underlying Phases 1 & 2 which NESO will refer to when applying the alignment of projects to the strategic planning criteria, is made available to industry as soon as possible. We expect this detail will be provided in the government's final CP2030 Action Plan.

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**

By excluding all 'ready' projects from the overall design 2, this will unquestionably be of great frustration for developers who have progressed projects in preparation for meeting the defined Gate 2 Criteria, which has been communicated throughout the development of the CUSC working Groups and NESO stakeholder events this year. However by including all 'ready' projects, it guards against the risk that some viable projects are excluded, which could aid accelerating the transition to CP2030. We do recognise that by including all 'ready' projects, this could result in undermining the strategic goals of GB energy policy.

Should the proposed reforms to the connections process be implemented on the basis of the recommended proposals set out, we believe it is important that both NESO and Ofgem commit to periodic reviews of the newly reformed connections queue and to reassess its readiness against the goals of CP2030 and SSEP. Where necessary, plans should be adjusted accordingly to ensure continued alignment against the strategic needs. NESO therefore must ensure that the framework has the appropriate flexibility to be adjusted when required, but not without appropriate engagement with industry.

We further expect that NESO will continue to undertake regular stakeholder engagement to seek feedback on any implemented processes/methodologies. As noted above, transparency will be extremely important under the reformed connections process.

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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**

We agree that the reformed connections queue should initially focus on the 2035-time horizon as this can deliver a realistic and forward-looking framework. We believe the focus on this timescale will ensure alignment with net zero targets which the UK has pledged to achieve by 2050. A focus on a 2035-time horizon will however require proactive planning to ensure the necessary grid is delivered to support the delivery of the renewable projects in the reformed queue. The timeframe should, with the necessary support from Ofgem, allow for network companies to secure the funding and adequate planning for the required infrastructure. Given the focus on regional planning and growth requirements, this timeframe should allow for any necessary changes to regulation, policies and markets to be considered to create the correct incentives, mechanisms and market functions to deliver the ambitions of CP2030.

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**

We believe the NESO's preferred options against each of the variables discussed in the overview document is a sensible starting position for how best to deliver an efficient alignment to the Government CP2030 plan. By aligning projects with the CP30 Plan pathways up to 2035, this provides a 10-year planning horizon which should help to ensure a steady pipeline of projects.

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**

We welcome the development of the methodologies by NESO and acknowledge that they have been developed with the intent to deliver preferred options across various variables. Overall, they appear to be well-structured with the aim of supporting the timely and efficient delivery of connections.

As I noted in the CUSC workgroups however, concerns have been raised regarding the legal basis upon which NESO could apply the methodology principles when they sit outside of the CUSC framework. We do not believe such concerns have been addressed so far.

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We recognise the time constraints to which NESO has been working to in order to develop the methodologies, and whilst each of the methodologies are detailed in their content, there is much of the crucial sub-detail which we believe to be lacking.

For example, information on the governing roles, responsibilities, and obligations between the participating parties is required in order for the methodologies to be implemented and operate in a fully effective manner. There has also been no stakeholder engagement opportunity to feed into the development of the methodologies themselves prior to the consultation phase, despite this being a key ask from CUSC working group members.

Having each methodology subject to an annual review and approval by Ofgem is of course welcomed, however we believe to ensure that the adopted process is robust and transparent, the methodologies should be incorporated within CUSC. If however the decision is taken for the methodologies to remain outside of the CUSC framework, we believe that NESO should commit to developing each methodology more fully to the extent that roles, responsibilities and any governing timescales are fully documented for those parties engaged in the relevant processes.

As stated above, we expect NESO to continue to undertake regular stakeholder engagement and seek feedback on any implemented processes/methodologies. This will be important to ensure the implemented methodologies are delivering against their intended objectives. NESO must also ensure that the framework has the appropriate flexibility to be adjusted, where required, in consultation with industry.

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**

We believe there are a couple of key policy areas that are not covered as part of this consultation. Whilst NESO is leading on the development of the new connection reform arrangements, the proposed changes will impact on projects whether they connect at transmission or distribution, whether they are 500MW or 5MW. During our engagement in the CUSC Working Groups, it has been apparent that full consideration of the impact on DNOs and the embedded projects has been lacking. We appreciate that NESO, TOs, and DNOs have been working together as part of the ENA Strategic Connections Group to consider the impact of the reform across the T-D commercial interface boundary. However, to ensure the reform proposals are successfully implemented, with the rules of engagement for all customer types clearly understood, any pass-through arrangements which the DNOs are required to manage, should also be documented alongside this consultation engagement.

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In absence of the processes and policies which will apply to DNOs and their customers being clear and understood, we believe there is a real risk of misalignment in the treatment between directly connected transmission customers and those seeking to connect at D, and again for those considered 'large' at distribution.

Given the considerable overhaul being proposed to how projects can secure grid via the proposed reformed connection process, NESO has also proposed changes to how Modification Applications to contracted agreements will be managed. This is a key area of change for customers; however, no methodology or guidance has been developed by NESO at this time. We believe this is a key requirement for governing the new arrangements going forward to ensure transparency of rules for all parties and that NESO and TOs behave in a consistent manner in the treatment of customers. We would ask that NESO ensure appropriate guidance is published and available for go live.

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**

Whilst NESO's approach to managing project attrition between 2025–2030 and 2031–2035 appears to be well-considered, with focus on ensuring that the Strategic Spatial Energy Plan (SSEP) delivers maximum benefits to GB consumers, we believe the approach to replace projects on a like for like basis to be flawed if focusing on project attrition from transmission for example. For example, if the scenario identified an undersupply of a technology in particular geographical area of T connected projects which could be addressed by an oversupply in the same geographical area as D connected projects, this combined queue should be considered.

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?

We agree that adopting an approach to applying the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria to the existing queue and future Gate 2 Tranches is one that is both practical and sensible.

Given the pace industry has been working at this year to develop and engage in the Connections Reform CUSC Working Groups and industry consultations, the Gate 2 Strategic Alignment Criteria has been proposed following limited industry engagement and collaboration. We note the Clean Power 2030 advice from NESO to Government discusses engagement, however the limited

Public

timescales for industry to respond does limit the scope for stakeholders to fully engage. We have also seen the direction and focus change several times since the NESO's final recommendations which were published last year, leaving stakeholders having to respond with insufficient time to fully digest the information which proposes such significant change to the electricity connections process.

The Impact Assessment is currently in draft form and industry has flagged areas of incorrect assumptions, errors and data quality issues, leading to position where some projects that would otherwise be in a strong position to connect ahead of 2030 are now at a presently unquantifiable and at risk.

This could have the knock-on effect of slowing down the development of projects that are currently advancing. If this were to occur, NESO are effectively placing the 2030 targets at risk.

It is vital that NESO ensures that a consistent approach is adopted and applied to all projects. How effective this approach will be in the longer term will however depend on a number of factors. The criteria must be clear to stakeholders at all times and promote transparency in the process as to how projects are assessed and can progress. By applying the readiness criteria and aligning those projects which offer most benefits against the broader strategic goals, we believe this could help reduce the risk of project delays and attrition.

Whilst we recognise the benefits of adopting the approach to apply the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria to the existing queue and future Gate 2 Tranches, it may come with challenges. In particular from those projects already in the queue that have invested heavily to secure their grid capacity, queue position, progress environmental surveys and land negotiations. Those projects are now faced with a different set of rules being imposed on them, and for some, resulting in the project no longer being able to progress as previously envisaged. The connections reform journey has been one of considerable pace, with clear focus on what projects can align with longer term strategic goals, but is NESO comfortable that this will not result in some projects being excluded that could in fact offer shorter-term benefits? A phased approach taking a less binary approach in consideration of the significant investment in many projects currently with a place in the queue may have been more appropriate.

We believe it is important that the approach is flexible and should have the ability to take account of any factors that may require a different approach to be taken. For example, if by continuing to follow the approach (as outlined in this methodology) would result in a detrimental impact to the readiness criteria or the strategic alignment, then adopting a flexible approach will help to accommodate any necessary changes. Were such an occasion to arise however, we would expect NESO to fully consult with industry prior to any changes being implemented.

During the CUSC working groups, the principle of exceptions was discussed. We believe this to be an important principle that NESO must consider and define in terms of guidelines to ensure that no advanced project, which may not fully meet the Gate 2 or Strategic Alignment Criteria

Public

but is delayed due to exceptional circumstances beyond their control is not detrimentally impacted by loss of queue position. For example, if projects encounter situations such as land going into probate, we believe developers should be given the opportunity to demonstrate that they have progressed negotiations as part of their evidence.

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

In principle, we support of the advancement concept, this on the assumption that it does not delay or detrimentally impact the indicated timelines for implementation and the windowed approach outlined in CMP434.

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

Overall, we do not agree with the principal that NESO should have the immediate ability to undertake any connection point and capacity reservation exercises for as yet “unknown projects”. We fully understand that such an approach can offer benefits in terms of taking a strategic approach in the efficient management of grid capacity and that this may allow for better planning and allocation of capacity in certain instances, for example in the facilitation of future leasing rounds with The Crown Estate and Crown Estate Scotland.

If such an approach were to be adopted by NESO, we believe it should be limited for specifically identified projects only and should also be governed by timescales to ensure that capacity is not reserved unnecessarily or for too long by NESO.

We believe further development of this aspect of the methodology is required before implementation. In particular, to ensure the process is transparent. We believe there is a risk that early reservation of capacity could lead to the scenario that the reform recommendations are trying to address, where capacity is ultimately reserved for projects which ultimately do not progress and denying otherwise viable projects the access to the capacity.

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

We do not agree with the approaches proposed to reallocating capacity and believe further work is required in determining the approach for the reallocation of capacity in instances where 2030 pathway projects and 2035 pathway projects exit the queue.

The proposed approach could be challenged given its focus is to those projects which are directly connected to transmission. This could be argued as discriminatory to those embedded projects which have been assessed in terms of their impact on the transmission system. The TOs already take an approach where they consider the combined T/D Queue impact, we see no reason why NESO cannot adopt a similar approach when considering the reallocation of capacity.

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We believe it is important that the new process going forward should also incentivise projects to release capacity for the benefit of capacity reallocation. We would therefore welcome that NESO consider as part of any future work, whether or not the current CUSC15 Methodology remains fit for purpose under a reformed connections process.

Gate 2 Criteria Methodology

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

13. Do you agree with the following elements of this Gate 2 Criteria Methodology?
- 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)

Please insert your answer here for a).

We agree with the elements for demonstrating that Gate 2 Readiness Criteria – Land has been achieved. As a leading industry developer, we would not consider signing an option period shorter than 3 years, so this is a good starting point. Sharing the existing options might be difficult as they are likely to be subject to a confidentiality clause which might need to be re-negotiated with the landowner (via MoV or NDA) or heavily redacted, which will be required to be approved internally. Each of the existing agreements would need to be reviewed to check the existing provisions. Going forward, we are happy to negotiate the exemptions on confidentiality clause to share the info with NESO.

Whilst much of the Gate 2 Criteria has been developed via the CUSC Working Group engagement, the treatment of offshore projects however remains subject to much debate and discussion. In particular, with Crown Estate and Crown Estate Scotland. Meaning much of the detail which will apply going forward is still to be determined and agreed. We would further flag the risk to Celtic Sea projects which whilst holding a Grid Agreement, will not hold a lease at the time of Gate 2 Readiness Criteria which places them at risk.

NESO will also need to ensure the criteria takes account of instances of Joint Venture (JV) Projects. In such cases Land Ownership option will need to allow for title and applicant to be joined but separate. For example, where the developer is in JV, the developer or the JV entity is grid applicant and the JV partner controls the land, albeit might be held in different entity or have different name on the title. We believe this is easily addressed via a statement from the JV and via Company House checks.

We would also ask that NESO recognise that options are not registered in Scotland and the obligation is only relevant in England, so any reference to this requirement should be changed.

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Please insert your answer here for b).

The development of the Gate 2 Readiness Criteria through CMP434 for planning has been developed as part of the CUSC Working Groups and subsequent industry consultation. We would however flag that we think further consideration to the planning route being extended for any S36 projects in Scotland.

Please insert your answer here for c).

In principle, we agree with Gate 2 Criteria Assessment, however we do have some concerns with regards to the submission of copies of option/lease agreements. The NESO must ensure that any copies of option/lease agreements submitted as evidence are held in a secure location with no ability for information to be accessible by anyone unless they have the authority to do so. This information cannot under any circumstance be made public.

Whilst it is expected that projects will be required to submit evidence, such as option/lease agreements, most lease agreements are likely to require landowner approval prior to sharing with a third party. It may also be necessary to redact some aspect of the agreements. Where we are able to share agreements, we would question if an NDA is required to be put in place to govern the exchange of sensitive data. Depending upon the answers to these questions, this may take some time before the relevant documentation can be submitted as evidence. This will need to be factored into any new landowner negotiations going forward.

The successful implementation of Gate 2 will very much depend on the NESO being adequately resourced to support the process and checks along with the development of necessary systems to be in place ahead of implementation. It is also important that NESO commit to undertaking greater checks as opposed to the limited ones currently proposed to avoid projects being incorrectly progressed to Gate 2 only for them to be removed at later stage.

We do think there is a risk with the approach proposed in that it would not spot a non-competent land agreement. Whilst we appreciate it may be difficult to protect against this happening, there is a risk that developers secure fast agreements to tick the grid box rather than to build the site out.

Please insert your answer here for d).

We agree with most of the information required for inclusion within the Readiness Declaration template is appropriate. Having a common template for Users to complete and submit when demonstrating Gate 2 Readiness Criteria ensures a common approach is applied. This stage in the process cannot be subjective or open to interpretation.

However, it is common practice at present that some projects may hold a distribution grid agreement, but for various reasons, may also wish to explore the option of a direct T agreement.

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The current process already ensures that capacity cannot be secured for the same project across both the T and D boundary. We therefore suggest that this scenario be given further consideration as to how it can be captured within any response.

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?

We 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. As noted in our answer above re planning, we do think this could be further extended to S36 projects in Scotland.

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?

We understand the rationale for NESO wishing to have the ability to designate projects in line with the categories of projects which are identified in the Project Designation Methodology. However, as previously noted in our response, the governance of this process must be transparent. This is especially important for those instances where NESO has the right to designate a project at any time – presumably this taking place out-with the process defined within the Project Designation Methodology.

Whilst we recognise the categories of NESO designated projects are designed to ensure that critical projects receive priority in the reformed connections process, this should not be to the detriment of those projects in the existing contracted queue that have progressed into Gate 2.

The methodology states that NESO only envisage designating projects in exceptional circumstances and where projects can demonstrate that they meet the detailed criteria set out in the methodology. However it is not clear from the methodology what will lead to such assessments taking place or how often NESO/TOs will undertake an assessment against each category in order to determine if exceptional circumstances have presented themselves, yet the outlined process would suggest that users may apply at any time to be considered for project designation. To address such concerns, we suggest that NESO further expand on the Methodology to detail how assessments against each criteria will work in practice. We would expect that NESO will incorporate any learnings into their annual review of the methodology, should this be approved for implementation.

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We believe that to fully address our concerns and those from industry, and in particular, regarding the transparency of this process, NESO should consider the use of an approach such as that adopted for Pathfinders. This would allow NESO to consider the 'need' following on from the establishment of the revised queue and engage in a process which fully facilitates competition and transparency.

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

We feel the methodology as currently proposed does not go far enough in terms of setting out the detail or approach that will govern how the assessment process will work in practice against the proposed criteria.

NESO has stated that applications can be made at any time to the Project Designation Process, however, has also stated that "the use of the Project Designation will only envisages designating projects in exceptional circumstances". It is somewhat unclear why projects would apply unless a need had been identified by NESO. The methodology is not detailed enough which lends itself to the risk of different interpretations being applied against the criteria. It also does not provide a strong basis for ensuring the process is transparent. Other such examples include, Land transfer, where land is being sold to other party and the developer is unable to conclude their advanced negotiations; Administration/ insolvency, where the landowner is unable to sign into contracts such as entering administration or insolvency and other circumstances out with developer's control such as where a landowner is based abroad/multiple people at the landowners side that may complicate the signing process/other. All of which we believe can be evidenced as part of the process.

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

The indicative process outlined seems reasonable and whilst we welcome the steps which include both consultation and a publication of the decision, we do have concerns that the process as suggested, will deliver a fair and transparent process which is vitally important for stakeholders.

As noted above, NESO has stated that applications can be made at any time to the Project Designation Process, however, has also stated that "the use of the Project Designation will only envisages designating projects in exceptional circumstances". It is somewhat unclear why projects would apply unless a need had been identified by NESO.

Whilst the methodology does refer to the right to appeal a NESO designation decision, we think it would be helpful to expand the indicative process and timeline diagram to include these steps also for completeness.

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We do have a couple of areas of concern which relate to the NESO's ability to designate projects at any point or to approach a User directly – both of which presumably can take place out-with the defined process and without any level of transparency. Whilst we accept that projects in such instances will still be required to make a formal application, it does bring into question if such projects have an unfair advantage in the 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)?

Industry fully recognises the pace at which the Connections Reform programme of work has been moving at, this however has resulted in short timescales for industry engagement on some key areas. For example, response to CUSC Working Group Consultations and lack of industry input into the methodologies ahead of their publication.

We are aware that the versions of the methodologies which are being asked to comment on have already moved on in their development as a result of NESO's evolved thinking and early feedback received. This unfortunately brings into question the value of this exercise. Given the focus of the CUSC Working Groups no longer address the mechanics of how the reformed process will work.

From our engagement with other stakeholders, it is clear that the response to this consultation will be varied in views. Given the timetable which NESO is working to, we would question how NESO will ensure that all concerns are fully considered and addressed.