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By email:
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Attn: Code Administrator

26 November 2024

Dear Code Administrator,

CMP095 Implementing Connections Reform Code Administrator Consultation

SP Energy Networks (SPEN) represents the distribution licensees of SP Distribution plc (SPD) and SP Manweb plc (SPM) and the transmission licensee, SP Transmission plc (SPT). We own and operate the electricity distribution networks in the Central Belt and South of Scotland (SPD), and Merseyside and North Wales (SPM). We also own and maintain the electricity transmission network in Central and South Scotland (SPT). As an owner of both transmission and distribution network assets, we are subject to the RII0 price control framework and must ensure that we develop an economic, efficient and coordinated onshore electricity system.

This letter represents SPEN's CM095 Code Administrator Consultation response and provides our views from both a transmission and distribution network operator perspective, with respect to the developing Connection Reform proposals.

Firstly, whilst we support the urgent nature of the Connections Reform proposals, the number of consultations and the window to allow stakeholders the opportunity to review and respond to this important consultation exercise has been challenging. Particularly for parties across industry who are already under significant pressure due to the extensive Connections Reform programme. Whilst we are fully supportive of the urgent need for connections reform, we need to be able to execute these reforms to timelines which are mindful of colleagues' workloads and wellbeing, across all parties involved. This principle will also be important as the NESO and network operators seek to introduce these new processes next year. Therefore, we have prioritised our responses within this consultation exercise and do not feel sufficient time has been given for us to accomplish Ofgem and NESO's objective of considering this and the other consultations as a complete package.

This letter includes our full response to the CM095 Code Administrator Consultation. Question 1 sets out our assessment of the proposed solutions against the Applicable Objects and includes an evaluation of our assessment. Question 2 states our preferred solution being the Original Proposal. In Question 3 we go on to highlight the challenges we see with the implementation approach and finally Question 4, we raise additional comments regarding the process and its interaction with the wider reform program. Question 4 also includes specific comments on the Original Proposal's legal text.

1. Please provide your assessment for the proposed solutions against the Applicable Objectives?

STC Applicable Objectives	Original	WASTM 1
a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act	Positive	Positive
b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	Positive	Positive
c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity	Neutral	Neutral
d) protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees	Neutral	Neutral
e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.	Positive	Positive
f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;	Positive	Positive
g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	Neutral	Neutral

SPEN is strongly supportive of the need for Connections Reform and the objectives to be addressed by TMO4+ and alignment to Clean Power 2030. The proposals set within CMP434 will introduce a gated process, with a batched network design, that will allow projects to be prioritised based on readiness. This will facilitate the design of a more coordinated system and potentially free up network capacity for projects proven to be progressing, helping to deliver Clean Power 2030 and Net Zero Ambitions. CM095 is a consequential modification to align the STC with the CUSC.

The proposals under CMP434 aim to address two main issues: the need for quicker connections and a more coordinated and efficient network design. The associated proposals under CM095 are to reflect the wholesale revision of the connections process, through amending the relevant NESO/TO processes in the STC to help meet these aims.

The proposed solution is limited to:

- Defining the obligation and timing changes between the NESO and TOs to facilitate the gated process.
- A proposal for a Connections Network Design Methodology.
- Introducing project specific and non-project specific processes through which the NESO can reserve connection points and/or capacity.

SPEN believe the Original proposal positively facilitates the applicable STC objectives (a), (b), (e) and (f), through the introduction of a gated process, and batched network design, that will allow projects to be prioritised based on readiness. This will facilitate a more coordinated system, free up capacity for projects which are progressing and prioritise projects which have a high system impact or facilitate the connections of other projects. In

addition, the proposal introduces the CNDM and Project Designation Methodologies which will bring further clarity to the revised connections process.

The CMP434 workgroup proposed seven WACMs, only one of which was judged to have an impact on CM095. WASTM 1, a proposed review of the Methodologies and Guidance, is entirely consequential on CMP434 WACM 6 being approved.

1.1. Original Proposal

SPEN are strongly supportive of Connections Reform and the proposals within CMP434 and CM095. SPEN consider the original proposal to align with the applicable objectives and be positive relative to (a), (b), (e) and (f). We set out our reasoning below with specific comments on each Component, building on our Workgroup consultation response.

Objective A – The efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act. [Positive]

The proposal will introduce a gated process, with a batched network design, that will allow projects to be prioritised based on readiness (Component A). This will facilitate the design of a more coordinated system and potentially free up network capacity for projects proven to be progressing helping to deliver Clean Power 2030 and Net Zero ambitions.

Objective B - Development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission. [Positive]

The proposal introduces the gated design process, facilitated through the Connections Network Design Methodology (Component B) and Project Designation Methodology (and Component C, Connections Point and Capacity Reservation).

Objective C - Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity. [Neutral]

The proposal facilitates the CMP434 proposal, which introduces the gated process (Component A).

Objective D - Protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees. [Neutral]

Objective E - Promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC. [Positive]

The introduction of a gated process facilitates higher barriers to entry which will ensure the Network is designed and built for those most ready to connect. The introduction of the Methodologies and additional Guidance is welcome and will add further clarity to the revised connections process (Component B).

Objective F - Facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system. [Positive]

The proposal facilitates access to the readiest projects through higher barriers to entry, the potential for coordination in connection design and the ability to prioritise/reserve for those projects which could have a high system impact (Components A and C).

Objective G - Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. [Neutral]

1.2. WASTM 1

WASTM 1, a proposed review of the Methodologies, is entirely consequential on CMP434 WACM 6 being approved. For the avoidance of doubt, we support the implementation of this WASTM if, and only if, CMP434 WACM 6 is to be implemented.

2. Do you have a preferred proposed solution?

SPEN believe the Original Proposal best meets the Applicable Objectives. For the avoidance of doubt, we support the implementation of this WASTM 1 if, and only if, CMP434 WACM 6 is to be implemented.

3. Do you support the proposed implementation approach?

The implementation approach for CM095 is closely tied to CMP434 and the implementation of wider reform proposals, in particularly CMP435 and connections alignment with Clean Power 2030 (CP30). The Authority will decide on these proposals in Q1 2025, with implementation to follow in Q2 2025. NESO will confirm the timing of both the Gate 2 to Whole Queue exercise (under CMP435) and the subsequent first Application Window (under CMP434) with no less than four weeks' notice. In addition, the NESO plan on publishing a 'timetable' for the application window process which, as well as informing stakeholders of the plans, will include key dates relevant to the CUSC and STC legal texts.

NESO has initiated the 'Implementation Hub' in which NESO, TOs and DNOs will coordinate and align the implementation of the reform proposals within our organisations. SPEN is strongly supportive of this development.

The proposals under CM095 only refer to the introduction of the gated process and the need to raise the associated STCP changes. We understand the absence of details is due to CM095 being a consequential change based on CMP434, however we feel the challenges around implementation are as significant, if not greater, between the alignment of NESO and TO processes than the alignment of NESO and user processes (which mainly concern application and offer). We evaluate the implementation approach for CM095 below.

3.1. Evaluation of the Implementation Approach

The implementation approach as outlined in the workgroup report is inadequate for a proposal of this size and significance. However, as a network owner and operator we are strongly supportive of NESO's Implementation Hub which must urgently address this issue.

The details, as set out in the workgroup report, include an Authority decision date of Q1 2025 and an implementation date of Q2 2025. In addition, the recent [DESNZ and Ofgem Open Letter](#) confirms Governments desire for initial offers, under CMP435 if approved, to be issued to customers as early as possible, but no later than the end of 2025. In the context of this request and the significant workload on NESO, TOs, DNOs and stakeholders in developing the proposals to date, we would urge Ofgem to confirm their expected decision date and confirm their decision as early as possible.

In taking their decision the Authority must be mindful of the NESO, TOs and DNOs implementation plans and not unduly undermine that preparation, either in the timing of implementation or proposals. In addition, adequate time is required for stakeholders to understand the decision and prepare. Both are required to ensure the best possible chance of complying with the Governments proposed timeline.

In as little as four months, between the end of this period of intense consultation and the Authority decision date, the NESO and network companies will need to overhaul and align their systems and processes to prepare for a move from a continuous application process to one which is batched, and the undertaking of the largest and most significant network design exercise undertaken in GB. The activities to be undertaken include (but are not limited to):

- mapping the process and drafting of the STCPs,
- data management,
- and reviewing existing security profiles.

The size and complexity of this exercise should not be underestimated.

CMP434 and associated STC modification, CM095, have now progressed to Code Administrator Consultation without considering the associated STCP as planned. The proposals introduced within CMP434 and CM095 do not address current challenges associated with the number and complexity of connections applications. This includes significant administrative burdens on NESO, with avoidable yet material knock-on effects for the TOs, and excessive workload to unrealistic licence timescales. We consider the development of a comprehensive and progressive process (progressive as in one which places pragmatic, yet material obligations on the NESO) necessary to enable the operation of the applications windows and Gated Design Process.

Our suggestions include:

- NESO must ensure basic application form, policy compliance, Gate 2 self-declaration, competence checks and technical data checks are completed prior to the application proceeding to the TO for Technical Effectiveness checks. This is only an extension of the expectations on the NESO in respect of Gate 2 self-declaration. The failure of NESO to complete such checks extends the time for customer application to be declared competent and places a significant administrative burden on TO's critical resources. To aid compliance a 'best endeavours' approach must be used and NESO could report and be audited on these processes as part of the application window.
- The current design process cannot clock start without the TO receiving a competent application with valid Construction Planning Assumptions (CPAs). The reformed process no longer includes a concept of a clock start, instead being driven by the application window 'timetable'. This exposes the TOs to the risk that the NESO can delay the issuing of valid CPAs reducing the TO design and offer time period. Negative impacts on the TO's design and offer process must be mitigated.
- The tracking and confirmation of the status of applications, checks and CPAs will be important to ensure that the Gated Design Process can proceed with no risk of rework. The requirement for NESO to share a full list of effective applications within the batch we understand will be developed as part of the STCP.
- Currently, there are examples of TOCOs remaining open and unsigned for extended periods of time, regardless of whether a corresponding BCA has been signed by the customer. The acceptance period must be enforced, especially given the negative impacts on application window+2 and any capacity reallocation process.
- An obligation has been placed on the NESO to consult with the TOs during the development or revision of the Gated Timetable. The process and agreed timing of this should be documented within the STCP.

Implementation of the CMP434 and CM095 proposals is entirely dependent on Licence changes and the approvals of the Methodologies (specifically Connections Network Design Methodology and the Project Designation Methodology for CM095). At this time we are still waiting on details of the proposed TO Licence changes. From workgroup discussions we understand these will primarily be on connection offer timescales and the inclusion of the CNDM. As per our workgroup consultation response, SPT's expectation is that the obligation on the TOs with respect to the CNDM would have been included within the STC and not our licence, similar to our obligations in relation to the Network Options Assessment (NOA).

Furthermore, the implementation of CMP434 must be mindful of the risk that the Gate 2 to the Whole Queue Exercise in 2025 creates a wave of applications in the first application

window. This will stress teams, new processes, and procedures. Therefore, the agreed timelines and tasks must be stress tested and evidence based in advance. (We would also anticipate a similar wave of application following changes to the proposals in future, such as the confirmation of SSEP and the lengthening of CP30 time horizon beyond 2035).

The successful implementation of this proposal will only be possible if critical resource within the TO's connections teams is freed from the ongoing workload associated with the processing of new connections applications and mod-apps. Instead, network operators need sufficient time to allow for the design, implementation, and training required for the new processes and procedures. The 'transitional arrangements' for Connections Reform have been challenging and protracted, with NESO and Ofgem not aligned on what must be done to allow implementation of these proposals. We are still waiting at the time of submission for clarity on the 'transitional arrangements' for embedded projects. SPEN strongly supports a pause of the current connections process for directly connected and embedded connection applications as well as mod-apps to be introduced as quickly as possible to aid the successful implementation of these proposals.

For these reasons and the anticipated workload associated with undertaking CMP435's Gate 2 to the Whole Queue exercise to incredibly challenging timescales, SPEN is concerned with the proposal to introduce the first application window under CMP434 in 2025. It is important that the Gate 2 to Whole Queue exercise is completed, and the new revised network background, considered the baseline, before new applications are to be considered. We continue to be of the view that the 3 month timeline provided to the network operators to undertake the Gate 2 to Whole Queue exercise, is completely unrealistic.

Finally, we would like to emphasise a need now more than ever for a clear and coordinated programme that Ofgem, NESO and network companies can agree upon to facilitate the successful implementation of this proposal. We will support NESO's 'Implementation Hub' in this mission.

4. Do you have any other comments?

Firstly, we would like to thank the NESO's SMEs and Code Administrators for facilitating what has been a long and challenging urgent code modification process. They have done an excellent job to develop and deliver these proposals whilst taking on board the comments and suggestions of workgroup members and industry through consultation.

However, CMP434/CM095 (and its interaction with CMP435) are a complex set of proposals which have been drafted into legal text under tight timescales and with no thorough review and discussion. Therefore, there is a risk of errors and unintended consequences. We must also highlight that although the CMP434 working group met 36 times, the time dedicated to CM095 was very limited. This intense period of consultation, covering at least ten large documents and response to standard timescales, is unlikely to catch and highlight specific issues.

We have set out our priorities for the STCP changes in our response to Question 2. This is to address the challenges associated with the administrative burden and timescales of the existing process which CM095 did not begin to address.

Furthermore, whilst we understand the need for the NESO and Ofgem's connections reform and CP30 consultations and publications to be open in parallel to provide stakeholders with the full scope of the proposals, we consider the NESO and Ofgem's insistence in keeping to standard consultation timescales to undermine this aim. The consultations are complex and include extensive proposals which will take significant time and resource to understand and be able to provide a well-considered response. Even for those who are familiar with these proposals, the timelines are challenging. Whilst supportive of the urgent need for these reforms, we are mindful of our colleagues' workloads and wellbeing, across all parties involved. A principle which will be important when we work to implement these proposals next year.

CMP434/CM095 brings in the gated process, moving away from a continuous application process to one which is batched. The NESO have argued that this batching of applications will enable quicker connections and reduce costs through a coordinated connection design, future alignment with CSNP and SSEP, the inclusion of anticipatory investment and the facilitation of competition in Transmission Infrastructure through advanced planning and clearer definitions in scope.

NESO cite the HND and the Offshore Coordination process as saving billions. However, the key change here was the aggregation of radial connections to offshore sites which increased the amount of shared infrastructure. Whilst CMP434's application windows will facilitate coordination it has not been assessed whether this will be meaningful coordination relative to what has been achieved now and in the context of Scottish TOs already providing shared connection infrastructure.

Where there are issues with regards to Security of Supply, System Operation and opportunities to materially reduce system and/or network constraints, we would expect the NESO to be engaging and fully consulting with the relevant TOs, well in advance of taking any decisions on connection point and capacity reservation and competitions for the procurement of network services. Effective implementation of the NESOs Reservation powers under CMP434, any subsequent use of this methodology and successful mitigation of network issues are best addressed by the relevant TOs and NESO identifying and engaging on network issues at the earliest possible opportunity. Lesson's must be learnt

from the previous Stability Pathfinder 2 exercise where TOs' weren't involved in the development and scope of the required network solutions, which has unfortunately resulted in many challenging network issues that have had to be addressed in the connection and delivery of the successful Stability Pathfinder 2 projects.

In our workgroup consultation response, we raised several concerns with respect to the Gate 2 criteria being too low. These aspects will be addressed in our response to the Gate 2 Criteria Methodology consultation. We do not feel the updated proposals under CMP434/CM095 fully resolve these issues. These include:

- The Gate 2 criteria being too low will be addressed through connections alignment with CP30 technology caps, which is a welcome development.
- However, the Gate 2 criteria being based solely on land will only partly be addressed through CP30 connections alignment. The proposals still promote a rush for land prior to confirmation of the technology caps, some of which is in the immediate vicinity to our strategic substations, hindering our ability to deliver future connections.
- The proposals do not address BESS projects which have acquired this land potentially seeking to change to demand connection projects, which is a growing trend that we are seeing.

On the facilitation of competition in Transmission Infrastructure, the [Electricity Networks Commissioner's recommendations](#) states: "Contestable provision of all strategic transmission assets looks an unlikely route to success, at least in the medium term... the strong presumption should be that the TOs must deliver the majority of these upgrades, at least in the next ten years". To allow the TOs to plan, invest, procure, and deliver at pace to meet Net Zero targets certainty must be provided by this proposal.

We understand that licence changes are likely required and that Ofgem intends to consult on these in due course. We note too that licence changes are outwith NESO's powers and beyond the scope of this consultation. However, we would caution that it would not be appropriate to bring CMP434 and CMP435 into effect until either:

(a) NESO has demonstrated that the proposed changes are compatible with current licence requirements or

(b) Ofgem has consulted on and effected any changes required.

Currently, we would raise the following non-exhaustive list of potential issues:

- The various licence conditions noted in Ofgem's letter of comfort of 21 August, temporarily relieving NESO/TOs from providing certain information in the connection offers (this will need updated to reflect the ISOP licence)
- Prohibition on engaging in preferential treatment (as we foresee potential challenges that the reformed process could accelerate grid connections for some classes of users). (This may also affect DNOs if the expectation is that they will reject applications that do not meet the new criteria.)
- Various incentives – including incentives around timely connections will need to be reconsidered.

Finally, in developing TMO4+ and the associated proposal under CMP434 the NESO have taken the Minimum Viable Product approach. Connections Reform identified several Target Model Add-ons which we still consider as beneficial to the connections process, such as improvements to pre-application meetings, the structure to application fees and improving access to self-service tools. We would urge the NESO to review and consider how these can be incorporated into the connections process at the earliest opportunity. It will also be important to continue to monitor and review the reformed connections process to ensure issues are identified and resolved at the earliest opportunity.

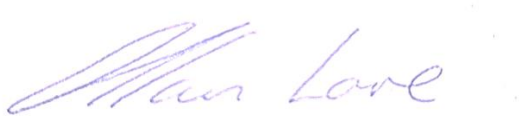
4.1. Legal Text Comments

Proposal	Reference	Comment
Original	Part Two, 2.3	We think the drafting of the exception could be made clearer as the “is for Reservation” suggests that 2.3 might apply to Reservations. Suggest instead framing this all in the positive, e.g. “(where The Company Construction Application does not correspond to a Gate 2 Application under the Gated application and Offer Process or is for Reservation then paragraph 2.3A should be followed)”.
Original	Part Two, 2.7	There is the possibility that an application will be found non-compliant with the Gate 2 criteria during the NESO’s detailed checks process. This clause in 2.7.1 and 2.7.3 we feels covers the circumstances for an individual Gated Application and changes to a batched Transmission Evaluation Application. We believe there is no obligation on the TO to act on the withdrawal or change to the application as part of Gated Design Process as the TO could receive notice of that withdrawal or change at any point in the Gated Design Process and be unable to act on it.
Original	Part Two, 4.2	We are TO is not submitting a TO Construction Offer the TO will provide notice based on the timescales in 4.2. We do not believe this is consistent with other changes to timescales in Part Two which aimed to align with the Gated Design Process. We do not want to hinder the development of the Gated Design Process (which may proceed on a regional basis) through the limiting timescales defined here. Therefore, we would suggest that this clause is revised to align the timescales to the 5 month Gated Design Process.
Original	Part Two, 7.4	This provision will need to be sufficient to meet the intention that TOs (and perhaps DNOs) have input into and adequate time to prepare for a change in the Gated Timetable. The process and obligations on the NESO should be further discussed as part of the development of the STCP.
Original	Part Two, 19	Reserve is not a defined term but Reservation (and Reserved) are.
Original	Part Two, 19.1	We interpret this clause as The Company submitting an application to the TO on the basis of reserving a Point of Connection/Capacity, then the TO issuing a full TOCO.

		However, we have struggled with the interpretation of this clause and perhaps it could be made clearer.
Original	Part Four, 3.3	Includes a reference to Statement of Works Notice which should be updated?

Thank you for the opportunity to response to this Code Administrator Consultation. Please do not hesitate to contact me if you require any further information on any of our consultation responses.

Yours sincerely,



Dr Allan Love

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SP Energy Networks