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Code Administrator Consultation Response Proforma

CM095: 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 stcteam@nationalenergyso.com by **5pm GMT on 26 November 2024**. Please note that any responses received after the deadline or sent to a different email address will not be accepted.

If you have any queries on the content of this consultation, please contact stcteam@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Richard Woodward	
Company name:	National Grid Electricity Transmission	
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Phone number:	07964 541743	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input checked="" 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 Panel or the industry for further consideration)

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For reference the Applicable STC Objectives are:

- a) *efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act*
- b) *development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission*
- 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*
- 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*
- e) *promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.*
- f) *facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;*
- g) *compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solutions against the Applicable Objectives?	Mark the Objectives which you believe the proposed solutions better facilitate:
		Original <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input checked="" type="checkbox"/> c <input type="checkbox"/> d <input type="checkbox"/> e <input checked="" type="checkbox"/> f <input type="checkbox"/> g
		ASM1 <input type="checkbox"/> a <input checked="" type="checkbox"/> b <input checked="" type="checkbox"/> c <input type="checkbox"/> d <input type="checkbox"/> e <input checked="" type="checkbox"/> f <input type="checkbox"/> g
		<p>As the Transmission Owner responsible for building and maintaining network infrastructure in England and Wales, we believe that the timely delivery of definitive Connections Reform sits on the critical path to realising the Government's ambition for Clean Power by 2030 (CP2030).</p> <p>It is only by reducing and reordering the connections pipeline, through the combined lenses of readiness and strategic need, that we will be able to determine the full extent of the enabling works required to achieve our clean energy targets.</p> <p>Doing this will, in turn, unlock the full potential of our ambitious RIIO-T3 business plans, providing the assurance that we require to invest strategically in our network, ahead of need, whilst also providing our customers with greater certainty surrounding their connection location and project timescales.</p>

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		<p>Assessment of the Original proposal</p> <p>The original CM095 solution provides the minimum necessary changes to the STC to facilitate the proposed changes under CUSC via CMP434.</p> <p>In consideration of the full package of reforms, we agree with the proposer that the TMO4+ gated connections process overall will better facilitate effective competition (objective C and F) by applying more proportionate barriers to entry via new downstream processes in CUSC.</p> <p>This in turn better supports the ability of the network licensees to anticipate and deliver timely, efficient, connections for developer projects. With additional intervention by the NESO (e.g. Queue Management; Project Designation) to ensure allocated network capacity continues to be utilised where customer projects cannot progress, these proposals should better ensure effective outcomes for the benefit of all stakeholders, including end consumers (objective A and B).</p> <p>We assess objectives D, E and G as ‘neutral’.</p> <p>Assessment of alternative proposals</p> <p>ASM1 provides benefits compared to the baseline by deriving substantively from the NESO Original.</p> <p>Whilst we agree with the underlying principle of this alternative regarding transparent accountability of NESO on performance of the new TMO4+ process (and the Onshore TOs indirectly via this STC proposal), we believe the intention of this alternative can be facilitated much more efficiently without codification.</p> <p>Our assessment is that applicable objectives A and E could be negatively impacted via this alternative as it imposes obligations on the licensees to carry out activities which:</p> <ul style="list-style-type: none"> i) can either occur through the natural course of business with code obligations, or ii) may not be in STC Party’s or industry’s best interests at a future point in time.
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2	Do you have a preferred proposed solution?	<input checked="" type="checkbox"/> Original <input type="checkbox"/> ASM1 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference As flagged above, the Original proposal provides the most efficient route to resolve the underlying defect.
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No We support swift implementation of the TMO4+ proposals to provide the network licensees the tools to manage the new and existing connections queue more effectively. We do however have significant reservations over the ambition and timescales anticipated by NESO for recalibrating the contracted background via CMP435 and an approved Connection Network Design Methodology (CNDM). The volume of existing projects, which is anticipated to be rationalised by applying the Gate 2 criteria methodology, will still likely be significant in number for NESO/TO reassessment at go-live, particularly in England and Wales where the bulk of developer applications are typically targeted. The NESO therefore needs to work collaboratively with the network companies to quantify the full extent of the effort required for system design studies, network deliverability assessments, and associated reissue of updated customer contracts (including any developer requests for advancement) prior to go-live. This work will hopefully identify routes to make the processing of re-offers more efficient, e.g. batching, prioritisation, or staggering of work. As per our response to CMP434 and CMP435, we are clear that there should be no overlap between recalibrating/re-offering the existing connections queue

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		<p>and the convening of new application windows. To do so would create unnecessary ambiguity for the network design processes undertaken by TOs and DNOs, which in turn could reduce the quality of future connection offers in response to new customer applications.</p> <p>STCP Modifications</p> <p>The package of code modifications to deliver TMO4+ remain dependent on consequential changes to the STC Procedures (STCPs).</p> <p>We are wary that the proposed drafting for these STCP changes has yet to be shared by NESO. Consequently, a full assessment of the full impact of the process and policy changes needed to deliver CM095 outcomes is unclear at this stage, which is not desirable given the significance of the TMO4+ proposals and the volume of work to apply it as we anticipated above.</p> <p>We trust that NESO will bring forward these STCP changes before the end of 2024 and will work collaboratively with the Transmission Owners under appropriate governance to agree solutions at Panel in a timely manner which are workable and facilitate CMP434 and CM095 (if approved).</p>
4	Do you have any other comments?	<p>The code modification proposals are only part of the jigsaw to deliver the full benefits of Connection Reform.</p> <p>They rely on supporting methodologies being in place, as well as adjustments to wider arrangements and ways of working, to guarantee a successful go-live.</p> <p>The key enablers in our view include:</p> <p>A robust and enforceable Gate 2 offer criteria methodology which not only factors project readiness, but the need for the project in the context of credible strategic energy policy direction (e.g. Clean Power 2030), which will evolve in a foreseeable manner for all industry stakeholders.</p> <p>Successful implementation of the reformed arrangements to the existing connections queue</p>

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		<p>(via CMP435) prior to convening new application windows. As mentioned above, the network licensees must be given sufficient time to restudy and recalibrate the contracted background via CNDM following application of the Gate 2 criteria methodology (as above) to the existing queue, as well as the same downstream considerations for embedded projects. Developers must also be given time to understand any changes to the scope of works or Completion Dates in their revised agreements prior to signature. In our view, this must all occur successfully before additional projects are allowed to apply for the first time to join the newly ‘reformed’ contracted background via a new application window.</p> <p>Strong post-offer Queue Management enforcement by NESO. The implementation of fixed project milestones via CMP376 was to ensure that the projects allocated firm capacity progress as anticipated to completion, or have their projects reasonably terminated to enable others to take their place to de-risk transmission network investments. We believe this is even more important in the world of TMO4+, where capacity allocation is much more formalised setting stronger investment signals to TOs. Where customer project progression stalls, there must be swift intervention by NESO to terminate projects and substitute to ensure that end consumer-funded works remain economic and efficient. The NESO’s financial instruments proposals also have a role to play here.</p> <p>Clear direction for TO investment from strategic energy plans and Price Controls. Whilst the Clean Power 2030 report marks a positive step forward to coordinate future energy planning, the direct interactions with TMO4+, the Gate 2 criteria and CNDM methodologies, alongside our T3 business plans already in development, present a risk of misalignment to SSEP in future as well as the tCSNP2 refresh.</p> <p>We have expressed previously our ambition to build more capacity ahead of specific customer need to enable the efficient connection of customers. Without</p>
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