

GB Connections Queue Management

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CONTEXT

The evolution of technology and wider market signals have created significant potential demand for capacity on the network. Recent activity has resulted in a contracted position where significantly more Transmission Entry Capacity (TEC) is waiting to connect to the system than forecast market needs. This situation has resulted in uncertainty over which projects will ultimately connect to the network. Moreover, customers often modify their capacity and connection dates, which have an impact on the queue and others wishing to connect.

National Grid has an obligation to facilitate competition in generation. We believe that the current situation in the queue may represent a barrier to effective competition and reviewing this issue will ensure all generators have a fair opportunity to obtain connections and system access in a timely manner.

WORKING WITH OUR CUSTOMERS AND STAKEHOLDERS

We have been actively engaging with our customers and stakeholders to discuss possible ways to manage the GB transmission queue better.

To progress this further, we had extensive engagement with the industry through workshops and roundtables where the problem statement and initial proposals were shared and discussed. The proposals focused on reviewing the GB contractual framework and how it can facilitate queue management.

Some initial thoughts were developed to help facilitate the industry discussion. Four different options were shared in Workshops 1 and 2, each impacting customers in a different way, depending upon where their project was in the transmission queue. To help understand this better, the options were discussed with a focus on the impact, benefits and limitations of each option and what it means for our customers.

To align our views with our customers and stakeholders, it was agreed to develop one preferred option further and create detailed proposals on how the queue issue can be managed in future using this option as a basis. The final proposals were shared in Workshop 3.

RECENT INDUSTRY DEVELOPMENTS

Lately, there has been an increased focus on the queue issue across the industry. Scottish Power Energy Networks (SPEN) has created a policy to manage the queue issue within their network following engagement with the industry. Meanwhile, Energy Networks Association (ENA) worked with the DNOs to propose milestones and other measures which help in active management of the distribution queues. We

acknowledged both these elements of work and therefore, developed our proposals in alignment with some of the work already done within the industry.

INITIAL OPTIONS

National Grid queue management proposals focus on our ability to meet customers' expectations in delivering a date that meets their connection needs and the required level of system access for their project. The proposed solutions for the queue issue will deliver effective management of the transmission queues. This is achieved by eliminating or realigning the position of **Stalled projects** further back in the queue and advancing projects that are **Ready to connect** behind any **Stalled projects**, where possible.

The four different options that were discussed in the workshops are mentioned below:

OPTION 1

All **Stalled projects** are terminated and all **Progressing projects** move ahead in the queue in the same order as before.

OPTION 2

Stalled projects lose their initial position in the queue and moved behind **Progressing projects** in the same order as before against each other.

OPTION 3 (Preferred option)

Stalled projects lose their initial position, dependent on capacity released and ability of **Progressing projects** to connect earlier.

OPTION 4

A **Stalled project** temporarily loses initial queue position if there is a project that is **Ready to advance** and connect to the network based on certain criteria but is further behind in the queue. [\(Please note, a similar option is currently being used by National Grid in some of the existing customer contracts\)](#)

OUR PROPOSED APPROACH

After reviewing our customer and stakeholders' views on different options and their preferences, we created our initial proposals using **Option 3** as a base, being the most preferred option. These proposals were then developed further into a list of milestones and principles that govern the queue management process.

QUEUE MANAGEMENT PRINCIPLES

To implement the queue management rules, all new and existing contracts will contain project milestones and due dates mutually agreed by ESO, customer, TO and DNO, where applicable. Customer feedback from our engagement indicates that circumstances can change during the lifetime of a project and there is a need to build in some flexibility to meet such unforeseen situations to ensure the project remains viable. Allowing a project to modify its connection date without being queue managed is one way of achieving this. Keeping this in mind, our proposal is to allow a project two opportunities to modify its connection date for

every milestone before being subject to queue management rules. Once a project has used the option to modify its contract to move the connection date, the below rules will apply:

Stalling

1. A project will be considered stalled in the following circumstances:
 - (a) When it fails to provide any evidence of achieving a milestone by its due date.
 - (b) When it applies for a modification application (Mod App) to move connection date back on the same milestone more than two times
 - (c) When it applies for a Mod App but does not sign the offer before the next milestone due date
2. A stalled project will lose its initial place in the queue and;
 - (a) swap positions and liability for any reinforcement works with a project that meets the criteria to advance, or
 - (b) get a new connection date and move to the back of the queue, if no other project in the queue is ready to advance
3. When a project stalls on the same milestone more than twice, it will be terminated.

Advancement

1. A progressing project will be offered the opportunity to advance in the queue and swap positions with a stalled project if it achieves milestones 1, 2, 3 and 4 with a condition to meet milestone 5 by an agreed date
2. When a project advances in the queue (as per 1) but subsequently fails to achieve milestone 5 by the agreed date, it will be considered stalled and subject to QM rules
3. If a progressing project is not willing to advance when capacity becomes available, the next progressing project that meets the criteria will be given the opportunity to advance and so on.
4. A project can only advance to get an earlier connection date and not for the purpose of changing enabling works liability.

QUEUE MANAGEMENT MILESTONES

National Grid queue management milestones are largely based on the DNO queue management proposals published in 2016 by ENA in the [ENA Best Practice Guide](#). However, few additional milestones have been introduced to make these more relevant to the needs of the transmission network, such as 'Confirmation no outstanding EMR requirement', 'Evidence of financial commitment' and 'Confirmation of intention to proceed with programme'.

There are a number of projects relying on an EMR contract for funding and a milestone linked to EMR is effective in queue managing a project that is stalled due to the lack of subsidy. A review of the Capacity Market(CM) and Contracts for Difference (CFD) auction results from recent years indicates a strong correlation between a project securing a CM or CFD contract and its ability to progress. Due to the dynamics of projects connecting to the transmission network, particularly in England & Wales, EMR is often an enabler to decide if a project will ultimately progress. Similarly, 'Evidence of financial commitment' is an important milestone to provide certainty that a project has the required finance in place to progress further.

The size of projects on the transmission network and the associated long lead times mean there may be significant value of investment between any two milestones for a project. By implementing appropriate milestones throughout a project's lifecycle and queue managing, National Grid's aim is to ensure that all viable projects get the opportunity to get connected earlier whilst ensuring the cost of stranded TO investment caused by stalled projects in the queue is not recovered from the end consumer.

The queue management milestones and high level requirement for evidence are listed below:

| Milestone | Evidence |
|---|---|
| 1 Initiated planning application | Submission of a valid application for (a) Development Consent Order, Sec36 or Sec37 consent under the Electricity Act 1989 or (b) Consent under the Town & Country Planning Acts. (c) Crown Estates (if applicable) |
| 2 Planning permission received | (a) Planning Decision Notice without conditions (b) Planning Decision Notice subject to conditions. <u>Note:</u> New milestones to be agreed in writing for fulfilment of these conditions. If this triggers a change to the programme of works, customer needs to apply for a mod app (c) Partial planning permission for reduced TEC <u>Note:</u> This is not subject to QM rules |
| 3 Land rights | (a) Title documents to show the customer is an owner or lessee of the land on which the station is situated; or has entered into an agreement to purchase or lease the land on which the station is situated; (b) Phase 2 environmental survey |
| 4 Confirmation no outstanding EMR contract requirement | Written confirmation from customer that: (a) An EMR contract is not required in order for project to proceed with programme to achieve contracted completion date; or (b) An EMR contract required for project to proceed with programme to achieve contracted completion date is in place |
| 5 Evidence of financial commitment | Letter from company confirming funds are in place to progress the project towards timely commissioning |
| 6 Confirmation of intention to proceed with programme | Written confirmation from customer to confirm they are progressing with their programme to achieve contracted completion date |
| 7 Commencement of user works at site | Sight visits/ photos/ external publications |

GLOSSARY

Stalled Project

A project that misses a milestone deadline within its programme of works as detailed in the construction agreement

Progressing Project

A project that is on track to achieving the next milestone by the due date in its programme of works as detailed in the construction agreement

Ready to Advance Project

A project that has met the agreed number of milestones (Milestones 1,2,3 and 4) by the due date mentioned in their programme of works giving them the ability to connect earlier, if possible

NEED MORE INFORMATION?

If you have any questions regarding these proposals, please email archana.sengar@nationalgrid.com