

Publicly Available

Connections Reform Case for Change: FAQs

Playback sessions:

London: 12/12/2022, 10am-12pm, 1pm-3pm

Glasgow (virtual): 13/12/2022, 11am-12.30pm

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1 Case for Change report (Phase 1)

1. Will the slides be sent around?

They have been published on the National Grid ESO website. Please find them here: [Connections Reform | National Grid ESO](#)

2. The introduction slides used are very generation-centric and don't cover demand

The slides were focussed towards the majority of attendees at the feedback session however the full Case for Change does include feedback from demand connectees such as datacentres and this feedback has informed the themes presented in the report.

3. I didn't feel like our specific feedback was correctly represented in the document

All the detail was distilled into general feedback from different customer voices – we are happy to discuss this further to determine specific concerns and whether any material changes are necessary to the report.

4. Definition of (and use of) the word 'customer' needs to be clear. How are you using it?

Our intention is that it is used in the broadest terms and covers connectees, consumers, internal etc. We have also sometimes made specific reference to 'connectee' or 'end consumer' within the report to distinguish on occasion.

5. In terms of the design criteria, where did they come from and are they in an order? Are these criteria supposed to be pass or fail?

We developed the design criteria to add more granularity to each of the design objectives (page 37 of the report) to facilitate how we assess options developed in phase 2. While the specific wording of the design criteria was drafted by the ESO, many of the underlying themes underpinning the criteria were put forward by stakeholders during the Phase 1 engagement. There is no order to the design criteria. We have not yet considered the relative weighting of the design criteria or whether some are pass or fail – we will do this in Phase 2 and be clear on whatever approach we take.

6. Have you engaged with institutional investors to understand the type of projects and project requirements needed in order for them to invest and build? This could help NGENSO understand the likelihood of projects being built

We have not engaged directly with institutional investors so far, but will consider doing so during Phase 2.

7. Are you going to look internationally for examples as you design the process? For example, to the Netherlands.

Yes, we are looking at international examples to help inform how we design the process in phase 2. We are happy to hear more directly from stakeholders with experience of international examples in order to supplement our own research.

8. What do you mean by future proofing? What does this mean in practice?

We think the process could be future-proofed in several different ways. This could for example be through building in optionality/flexibility in the design of the following areas up front to allow an easier process of change over time: i) the stages/timings/focus of the connections process itself; ii) the underpinning data and technology platforms; and iii) the relevant regulatory and legislative frameworks.

9. Is locational generation/ balancing and demand being considered as part of this process to drive development?

The ongoing Review of Electricity Market Arrangements led by BEIS is examining different options for change to locational market signals or market mechanisms. In parallel there is an ongoing TNUoS

Taskforce initiative looking specifically at changes to transmission charging. In that context the GB Connections Reform project will not be looking at options in this area, but will (a) be feeding in any relevant input from the project to the REMA consultation and (b) be mindful of proposed changes arising from REMA and the TNUoS Taskforce as relevant to GB Connection Reform. Pages 19 to 21 of the report set out more information on other dependencies and how we are managing them.

10. Will the changes to how BESS are studied under the shorter-term tactical initiatives also be applied to the DNO's network?

Yes

11. Is the increase in BESS applications a short-term blip that will self-correct?

We are not sure at this stage. The Future Energy Scenarios (FES) assume further growth of BESS but not at the current levels of growth. However, the FES are dynamic and reviewed every year, so we will consider market evidence and trends for BESS as part of our next iteration of the FES.

12. Is embedded generation included in the graph on slide 5 (Slide 12 of the main deck)?

The graph only includes embedded generation already on the TEC register – i.e. with a Bilateral Embedded Generation Agreement (BEGA). Therefore the figures do not include the Embedded Register or any 'Appendix G' submissions by Distribution Network Operators (DNOs). See appendix 1 for understanding of what is and isn't within the calculation

2 Phase 2

13. Why is the ESO doing the design of solutions internally first? Why aren't you bringing the voice of the customer in the first instance.

The feedback gathered through stakeholder engagement throughout Phase 1 has directly informed the design objectives and design criteria for phase 2, so it will inform the solutions we develop in phase 2. We feel it is more efficient for the ESO to provide some initial structuring to the options developed within Phase 2, so these can be shared with stakeholders in a timely and coherent way. There will be appropriate opportunity for stakeholders to input into solution design during Phase 2.

14. Is this programme too fast? Particularly Phase 2.

We don't think so. We are clear on the urgency for reform in order to efficiently meet GB's Net Zero ambitions. And stakeholders have reinforced the message that urgent reform is needed during Phase 1. The timetable for Phase 2 is tight, but we think it is deliverable and will allow appropriate stakeholder engagement. In Phase 2 we will consider deliverability of solutions and map this to realistic timelines for implementation of changes.

15. Currently delivery of tactical changes and initiatives is too slow. Does the Phase 2 include delivery in its scope?

In Phase 2 we will consider deliverability of solutions and map this to realistic timelines for implementation of changes. We are forming the Delivery Partners Executive Group during Phase 2 in order to help facilitate implementation and delivery of change efficiently across other organisations that will be responsible for implementing those changes.

16. There needs to be clarification around the items that are in scope, including statement of work, appendix G, codes other than CUSC

This is in scope to be considered in Phase 2.

17. We want to understand the practicalities of implementation more and what the benefits would be.

This will be worked through during Phase 2 and will form part of stakeholder engagement during Phase 2.

18. How much can Connections Reform improve the process or is the need to build more network and concentrate on construction more important?

GB Connection Reform represents part of a number of ongoing industry initiatives (eg reforms to planning consent and regulatory approval of investment) to improve the ability to connect projects more quickly, at lower cost in a coordinated manner. Under any future scenario, there is a need to build substantially more network infrastructure. GB Connections Reform's objectives include enabling network owners to better plan and build new network infrastructure in a more coordinated and efficient way which should help accelerate connection timelines and reduce cost to both connectees and end consumers.

19. What tools do you bring to a flexible design process?

In phase 2 we are looking to build in optionality/flexibility in the design of the following areas up front to allow an easier process of change over time: i) the stages/timings/focus of the connections process itself; ii) the underpinning data and technology platforms; and iii) the relevant regulatory and legislative frameworks.

20. Will you be acting retrospectively and modify terms for those currently in the process, or will you put forward a perfect new process for those starting the application process?

This is in scope to be considered in Phase 2. We need to be mindful of how the overall timeline for enabling change – if we only focus on new applications then the timeline for change will take longer;

however, there are also key issues and challenges with applying retrospective changes, which we will need to consider carefully.

21. Are the barriers to entry potentially too low?

Some stakeholders suggested this during Phase 1, and it is true that the barriers to entry into the connections process/queue are lower than in some other areas. Whether these are too low is something we will consider in Phase 2.

22. Needs to be a robust pan-industry discussion about queue management and improving harmonisation across distribution and transmission. Why is there no single queue?

This is in scope to be considered in Phase 2.

23. There is an external willingness for the reform to cover broader distribution and transmission interactions, including Third Party Works and depth of connection charges

This is in scope to be considered in Phase 2.

3 Codes, Legislation & Regulations

24. Where is Ofgem's support on the Case for Change? Have they been involved? If not, then there is a risk and potential blocker to reform.

Ofgem are involved in the GB Connections Reform project and recently approved our Business Plan 2 plans, which include significant focus on Connections Reform. We are forming the Delivery Partners Executive Group during Phase 2 (which we hope will include Ofgem) in order to help facilitate implementation and delivery of change efficiently across other organisations that will be responsible for implementing those changes.

25. Do you have correctbuy in from BEIS and Ofgem on this initiative as their input is critical?

As per response to the question directly above, Ofgem are involved in GB Connections Reform. BEIS are similarly involved and we hope that they will also be part of the Delivery Partners Executive Group. We also plan to closely involve devolved Governments in Phase 2.

26. In terms of legislation, license change etc, what is on and off the table?

At this stage we don't want to constrain design options to the existing legislative, regulatory or other industry frameworks. During Phase 2 we will consider deliverability. In Phase 2 we will consider deliverability of solutions and map this to realistic timelines for implementation of changes.

27. How strongly do network charges, in comparison to other factors, affect investment decisions and how this links into connections reform and other wider changes (REMA etc)?

The ongoing Review of Electricity Market Arrangements (REMA) led by BEIS is examining different options for change to locational market signals or market mechanisms. In parallel there is an ongoing TNUoS Taskforce initiative looking specifically at changes to transmission charging. In that context the GB Connections Reform project will not be looking at options in this area, but will (a) be feeding in any relevant input from the project to the REMA consultation and (b) be mindful of proposed changes arising from REMA and the TNUoS Taskforce as relevant to GB Connection Reform. Pages 19 to 21 of the report set out more information on other dependencies and how we are managing them.

28. Code changes could be a barrier to reform but how detailed do the codes need to be?

This is in scope to be considered during Phase 2. In practice, we consider it unlikely that we will develop detailed code changes during Phase 2, as the focus will be more on developing coherent strategic options and recommendations for reform that set a roadmap for changes over during Phase 3 (end April 2023 to Q2 2025).

4 Challenge Group & Delivery Partners Executive Group

29. There needs to be a consideration of how to make the challenge group and delivery partners executive group representative of industry (and connectees) with sufficient power to enact change. Will you be reaching out to organisations/individuals or waiting for them to self-nominate?

We will be setting out further information on our plans on this shortly.

30. Could 3C (Climate Change Committee) be on the Challenge group?

This is something we'll consider over the next few weeks. We will be setting out further information on our plans on this shortly.

31. What role will the Delivery Partners Executive Group and Challenge Group play individually in the design of the solution?

The Challenge Group will challenge, advise and steer the project, including solutions designed during Phase 2. The role of the Delivery Partners Executive Group is to facilitate delivery of solutions and to flag any key strategic views/concerns with regards delivery.

5 Current tactical initiatives to improve connections and other programmes

32. What is the rationale for not doing the two stage offer process as a one off in Scotland?

We will be publishing a Frequently Asked Questions document on the two stage offer process soon which will set out further information.

33. The slides say that NGESO will be 'adopting a two-stage offer approach for a limited amount of time'. What is that period of time?

We will be publishing a Frequently Asked Questions document on the two stage offer process soon which will set out further information.

34. I would be interested to understand your thoughts on how the two-stage offer sits with licence timescales and what a retrospective application actually means. Could this be signed offers, for example?

We will be publishing a Frequently Asked Questions document on the two stage offer process soon which will set out further information.

35. How is the TEC Amnesty process coordinating with NGESO HND Follow-Up Exercise, as a change in TEC could significantly affect the HND FUE recommendations planned to be published around March/April?

The TEC Amnesty will be co-ordinated with the CPA review and will feed into the optimisation project, We do not know how this will impact on specific projects until this work has been completed.

36. Can you confirm the timescale for the completion of the principles of the CPA review/optimisation (not the contractual implementation)?

CPA methodology and BESS assumptions have been agreed with NGET, to be implemented as part of a Transmission review exercise expected from January 2023. Application of CPA/BESS assumptions in Scotland is yet to be agreed. Non-firm policy for BESS to be developed by end of March 2023.

37. How are you interacting with other large change programmes and how will decisions be made in alignment with them (e.g. with FSO, TNUoS taskforce, DUoS SCR)

The ongoing Review of Electricity Market Arrangements (REMA) led by BEIS is examining different options for change to locational market signals or market mechanisms. In parallel there is an ongoing TNUoS Taskforce initiative looking specifically at changes to transmission charging. In that context the GB Connections Reform project will not be looking at options in this area, but will (a) be feeding in any relevant input from the project to the REMA consultation and (b) be mindful of proposed changes arising from REMA and the TNUoS Taskforce as relevant to GB Connection Reform. Pages 19 to 21 of the report set out more information on other dependencies and how we are managing them.

38. Some of the questions that were asked in the previous webinars (on the two stage process) have not yet been answered, will the answers to these be released?

We will be publishing a Frequently Asked Questions document on the two stage offer process soon which will set out further information.

39. Why is the two-stage offer process better? For us, it seems to create more uncertainty and lengthen the time to get an answer

We will be publishing a Frequently Asked Questions document on the two stage offer process soon which will set out further information.