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28 July 2023

Dear Sir/Madam

SSEN Transmission (SSEN-T) welcomes the opportunity to respond to NGESO's consultation on Connections Reform, published on 13 June 2023. Please find enclosed SSEN-T's response to the consultation questions.

The need for bold action

We are supportive of the work being undertaken to address the current challenges, however we are not convinced that these proposals (combined with the tactical industry initiatives) go far enough. We do not believe that the current approach will truly address all of the problems at the heart of the connections reform challenges.

Getting electricity connections reform right is critical to meeting the 2035 target for a net zero electricity system and the 2045 and 2050 net zero targets set by the Scottish and UK Governments. Given the importance of this issue and the fact that we only have one opportunity to get it right, it is appropriate for industry, Ofgem and the Government to take bold action.

We strongly believe that action needs to be taken to resolve each of the core connections issues. At present, two key issues have not been addressed: capacity allocation issues; and technical mix issues. Failing to address these issues will undermine the efficacy of the proposed reforms and will prevent GB from connecting the right generation, at the right time in the right places to achieve net zero.

We would welcome industry discussion – led by ESO – on how to tackle each of the core challenges.

Our thoughts on the proposed reforms

Of the options presented, TM04 is the better of the four options, however we remain concerned that it will not achieve the objectives of connections reform and will have unintended consequences. We feel there are some limitations to this option and some unintended consequences that will need to be addressed in order to deliver a practicable, effective connections process; we have expanded upon this in our response. The details of this response are based on these options alone but we would like to take the opportunity to discuss an alternative proposal and will arrange this with ESO and Ofgem.

The wide range of energy policy, regulatory and governance reforms currently underway are inherently interlinked and cannot be considered in isolation. It is essential that a robust framework for energy sector investment is developed in the context of whole-system planning (high-level and detailed) and for delivering new investment.

The Centralised Strategic Network Plan (CSNP) will take a whole system, coordinating view of the strategic investments necessary for the network infrastructure to ensure the delivery of our net zero targets. It will sit at the centre of many of those reforms; it will be a key role for the new FSO, bringing together the onshore and offshore domains and other vectors, and its outputs will flow through into new regulatory frameworks. The CSNP is also likely to provide strong locational signals for future connections and this should be considered as part of the connections reform process. In addition to the CSNP, incorporating a local regional plan will allow for efficient, whole system, investment planning that will help accelerate connections onto the transmission system.

We note from the consultation that there is no mention of any reforms of the securities/liabilities process that is enabled through CUSC 15. We believe that security/liability requirements should be reviewed with urgency to ensure they are not creating an unnecessary barrier to entry and would welcome the opportunity to work with the ESO in improving this process.

We consent to this response being published in full.

We are happy to discuss in further detail any aspect of our response, including specifically our proposed alternative approach, to this consultation; please use the contact details provided.

Kind regards,

Neil Bennett
Senior Commercial Manager

Chapter 3. Foundational Design Options

1. Do you generally agree with our overall initial positions on each of the foundational design options and key variations? Are there any foundational design options or key variations that we should have also considered?

Foundational Design Option 1 – Status Quo type process

Although we can understand the reason why you have included this for baseline purposes, we don't believe the current process would be adequate in ensuring an efficient approach to investment planning due to the piecemeal nature of applications. Although this process would require few changes to codes/license (depending on the TMA's (Target Model Add ons) that would be applied) and therefore the easiest to implement of the models, it does not take into account "shovel ready" schemes that could potentially be progressed.

Foundational Design Option 2 – Gated Process

Unlike Option 1, this process would be more beneficial in terms of allocation of capacity and queue position once the customer has proceeded through the 1st gate. However, there is little definition of what would be required to pass through the gate in order to achieve queue/capacity and this detail would be crucial to understand in order to decide if this process has merit. If the gate requirements are too onerous then this would have an impact on whether a scheme would accept their offer and progress, potentially being a barrier to entry that is set too high. Alternatively, if the barrier was set too low this could have little impact on deterring speculative applications. For example, if the gate criteria was achieving consents, the customer would have to undertake significant expenditure with the uncertainty of whether they will achieve a better connection date once consented. This high risk could deter a lot of applicants from accepting their offers even if there was a reasonable chance of success in connecting.

If the barrier was obtaining land rights, this is a fairly straight forward criteria which would have little effect on deterring speculative applications and could easily be achieved very shortly after acceptance of their offer which could mean varying their offer very shortly after it has been accepted and would call into question the validity of having a gate process.

As with option 1, applications would still be received in piecemeal. Investment plans would potentially need to be updated iteratively when applications in the same area come in which would not be an efficient approach.

Also, with this gated approach, the customer would be provided with an offer that you state the connection date of which could be advanced, however, the offer provided would have minimum enabling works required to connect and therefore the only opportunity for advancement would be through intertrips/ANM which are not always an option for all schemes which would mean there would be no change of the works from pre-gate to post-gate.

Foundational Design Option 3 – Central Planning

This approach would ensure efficiency with investment planning due to having a set capacity allocation up-front agreed from a Government/OFGEM/FSO level. One of the issues that was the instigator of Connections Reform was the high volume of applications that are being received across the UK and, in part, this is due to

a “no limit, free for all” approach that has allowed applications to be made without consideration to the network requirements and any system cost benefits. A Central Planning approach would allow there to be limits within areas of the network, beyond which investment would be uneconomical, that would allow a level of certainty to network investment plans provided by the TO’s.

Combining national strategic planning with local area planning would help to ensure we can meet our Net Zero targets. Based on the national planning, we can create target led whole system plans, led by the TO, with support from the ESO to define the shared use works required at a local level to efficiently accommodate generation and storage. Once we have these local area plans, this will help remove barriers to connection and, with targeted subsidies, enables approaches that accelerate “shovel ready” developments.

We have evidence, from our recent Kintyre and Isle of Skye projects, that shows when grid investment plans are published and committed to, there is an immediate and dramatic acceleration in the development of new generation and storage in the vicinity. Being able to demonstrate coherence in whole energy system planning is essential for host communities and helps achieve public acceptability of new infrastructure.

We understand that the reason this approach was not incorporated into any of the TMO options was due to further Government/OFGEM consideration of its merits, however we do believe this should be explored further. We note that TMO4 would be the option that could most easily incorporate a Central Planning/Local Area planning style model.

Key Variations

Application to the Transmission Owner (TO) rather than the ESO

We believe that all applications sent directly to the TO, as long as there is a very clear framework of decision making agreed between the ESO and TOs would have benefits within the application process and provide an enhanced service to our end customers. We appreciate there would still be a role for the ESO in providing requirements for balancing services but believe this could be incorporated into this model. As this would have a positive impact on stakeholder engagement, we believe this should be explored immediately following the conclusion of the consultation process.

ESO responsibility for Connections Design

We agree that the current level of responsibility for the connections design should still be managed by the TO in co-ordination with the ESO.

Scope of Customer Delivered Works

We agree that the reformed connection process would not be materially affected by changes to the Contestable works regime and that the current CUSC modifications will determine any extension of contestability on our infrastructure. We do not believe t, under the existing CUSC mod proposals< extending contestability will have any major impact on advancing connection dates as, in general, connection dates are dependent on major infrastructure works on our network rather than the assets that are solely for the use of an individual scheme. We are also obliged under our license to ensure the safety and integrity of our network which would not be the case for customers who build the infrastructure for their own commercial purposes.

Application Windows

We agree that an application window would have a beneficial impact in the connection process as it would allow the TO to provide an efficient design of the network based on multiple schemes in the same area rather than a piecemeal process where those designs would be incrementally changed. On its own, application windows would not be sufficient to improve the overall connection process but should be a part of the overall approach.

Separation of Connection and Capacity

We agree that this should not be part of the connections reform models due to the risks on the customers investment cases and that any reform in this area should be considered as part of wider reforms such as REMA.

2. Do you agree with our initial view that the current issues with the connections process could potentially be addressed on an enduring basis through other, less radical, and lower risk means than the introduction of capacity auctions?

In our response to question 1 under Foundational Design Option 3 we presented our proposals for a regional approach to investment planning based on a wider, national strategic level plan. We believe that capacity auctions would play a beneficial role in the process. It has been successfully integrated into the offshore leasing rounds to help lower costs to the GB consumer and by integrating it into a process that incorporates a local area plan approach, we think this benefit can be extended further.

3. Do you agree with our initial view that the reformed connections process should facilitate and enable efficient connection under either a market-based (i.e. locational signals) or 'centralised' deployment approach (or an approach somewhere between the two), but not mandate which approach to follow?

As stated in our response in question 1 under the Foundational Option 3 section, we believe a more centralised approach would be more beneficial to ensure investment planning is as efficient as possible.

By setting a target for capacity in a given area, aligning this with requirements for a TO's business case needs would ensure that, once reached, progression could be made towards achieving the completion of the works by the date initially proposed by the TO.

Currently, some areas of the network awaiting completion of major reinforcements are dependent on additional capacity being received from further applications to ensure that there is sufficient capacity to make the reinforcement economical and efficient and this provides uncertainty to the existing contracted schemes, whereas this uncertainty would be greatly reduced where we apply a threshold up-front, which, once achieved, will allow the business case to progress.

Chapter 4. Pre-Application Stage

We have provided our responses below against each individual question. With regards to the overall goal of achieving Net Zero, we do not believe that changes to the pre-application process would have a fundamental

impact on connections, however we do agree that the pre-application process is a useful tool for developers and could provide information that could help determine whether an application would be in their best interest.

4. Do you agree with our initial recommendation that TMA A to TMA C should all be progressed, irrespective of the preferred TMO?

TMA A-Key Data:

We agree that providing accurate data at the pre-application stage would be beneficial to developers intending to apply to connect, however provision of this information via the ESO Connections Portal would be subject to the successful integration of our portal which we are currently in the process of building.

The degree to which this data could be a useful tool could potentially vary dependent on the TMO chosen. Where there is a windowed process under TMO 4, the level of available capacity at any given location, whilst accurate at the time of publication, would be known prior to the window. For example 50MW available without further reinforcement which would inform the customer to apply at that level. Where multiple customers also apply for this level at the same time at the same location, this would cause infrastructure reinforcements to be required extending date for connection and/or costs. Therefore, this pre application data, although accurate at that stage, would not be relevant once application was made.

With the other TMO's, as there is no set window at initial application stage, the validity of information through the pre-application would increase as the developer could apply immediately after the pre- app, increasing the chances that the available level of capacity at that point was still available on application.

Getting the best out of Pre-Application Meetings

We agree that a checklist for customers to fill out would help focus the structure of the meetings and ensure key elements of the customers' requirements are known to the TO prior to the meeting allowing the data required to be procured ready for the meeting.

Appropriate use of optioneering route

The option for a feasibility study is already available for customers today as noted in the consultation and is rarely utilized. We believe it can be a useful tool for customers who are unsure about their requirements but understand that the lack of a queue position on conclusion and an unknown length of time to produce the feasibility study based on the complexity of request from the customer is a deterrent for customers to apply for a feasibility study. The feasibility study may also be inaccurate once it has been produced due to the potential for other customers to apply in the same area as the study as soon as it has been issued.

There are customers who are not aware of the availability of feasibility studies and visibility of this product may increase the uptake and so we would support an increased promotion of the product.

5. Do you agree with our initial recommendation on the introduction of a nominal Pre-Application Stage fee, discounted from the application fee for customers which go on to submit an application within a reasonable time period?

We understand that, enhancing the level of service and data for customers going through a pre-app stage would require more preparation work, including high level studies, however we do not believe there should be a pre-application fee for customers due to the potential that the information provided, although accurate at that point in time, may be of little value (as stated above in response to TMA Key Data) to the customer on application. We believe there may be merit in reassessing the current application fees to potentially incorporate pre-application works into the fixed fees.

6. Do you agree with the importance of the TMA A 'Key Data'? Please provide suggestions for any other key data that you suggest we consider publishing at Pre-Application Stage.

As stated above, accuracy in data at the pre application stage could be beneficial for the developer, however this is dependent on other customers who may also apply for that same capacity.

Chapter 5. Key Target Model Add-ons

7. Do you agree with our initial recommendation with regard to TMA D (requirements to apply)?

We agree that TMA D1 and D4 would be beneficial to the current application process to reduce the number of speculative applications.

Any additional barrier such as submission of, or achievement of, consents would be too early in the process given the uncertainty of what would be provided within the offer for connection. Once consents have been achieved, they have a limited time span before connection should be concluded and the time frame for a connection could be beyond this level. Therefore, we would not recommend achieving consents being a prerequisite for application.

With regards to TMA D5, we would have concerns over the simplification of terms and conditions set out in our contracts which may dilute their intentions, although we agree in principle to work with the other TO's and ESO in assessing whether any standardisation could be achieved. There may be occasions where non-standard clauses are a requirement and the TO should retain the right to apply these where it is necessary.

8. Do you agree with our initial recommendation with regard to TMA E (determination of enabling works), including that it is right to wait until the impact of the 5-Point Plan is known before forming a view on whether further changes to TMA E are required?

We agree with the recommendation that there should not currently be any change to the scope of works required for the customers connection.

We are currently agreeing a new methodology for the approach to CPA which would incorporate a more probabilistic application of CPA which could provide opportunities for advanced connection dates where there is also a customer who wishes to advance their project.

As was stated within the consultation, any reduction of enabling works required for the customer to connection may cause compliance issues on the network and we would have concerns over the security of our network because of this. Therefore, we would not recommend the introduction of reducing enabling works for connections.

With regards to non-firm connections, we believe that any advancement of connection date should be funded by the developer who would benefit from this advancement and should not be borne by the wider consumer.

We believe the approach of anticipatory investment would be beneficial to achieve our targets of Net Zero and this has already been applied within ASTI. We support further engagement in extending this to other parts of the network. Although there is the risk that stranded assets could be created if anticipatory investment was utilized, we believe this risk would be low and the benefits would greatly outweigh these.

9. Do you agree with our initial recommendation with regard to TMA F (criteria for accelerating 'priority' projects)?

We agree that the current approach of "1st come 1st served" does not help achieve our Net Zero targets, as it potentially stops customers who are "shovel ready" from progressing. TMOs 2-4 would allow the opportunity for schemes that have progressed sufficiently (eg submission of consents) to be provided with accelerated connection dates where possible to do so. However, this would not be possible under the current contracted background who have already have contracts in place under the existing regime. Transitioning to the new TMO would only be beneficial for new schemes applying to connect.

The existing contracted background is already exceeding the targets set out in Net Zero and a focus on ensuring either those schemes are progressed or can be removed from the background where they are not sufficiently progressing should be prioritized. The implementation of Queue Management will address this to a certain extent, depending on the approved solution. The solution for queue management that would provide the most benefits would be a retrospective application of the Queue Management milestones. This would help ensure the contracted background is filled with schemes that will be able to meet our Net Zero targets. By only applying it to new schemes, it would mean waiting for those in the contracted background to apply for a modification application before their queue milestones were applied, potentially adding years to implementing Queue Management effectively.

Any acceleration of projects should consider the impact on those in the queue who are sufficiently progressing towards their connection date. Any detrimental impact on these schemes through advancement of others (eg additional enabling works/costs/securities) would not be appropriate.

We do not agree that there should be a price-based mechanism to accelerate projects as this would not favour the smaller developer who may not have the cash flow facility that larger, established developers may have.

10. Do you agree with our initial recommendation with regard to TMA G (queue management)?

We agree that PQM should not be recommended for implementation due to the detrimental impacts on the existing contracted schemes who are meeting their milestones as stated in our response to question 9.

RQM, as currently proposed under CMP376, would have a beneficial role to play in ensuring the contracted background is made up of schemes that will proceed to connection in a timely manner and would not block those behind them in the queue from progressing. As stated in our response to question 9, only a retrospectively applied Queue Management process would ensure that those schemes that are not progressing their projects in a timely manner can be removed more quickly from the queue to allow those behind them in the queue who are ready to progress, to be able to.

RQM+ would be an improvement of the existing proposals, allowing those who are “shovel ready” or “priority projects” to progress. The criteria of defining these “priority projects” would need to be consistent and robust to ensure fair treatment to developers.

Chapter 6. Target Model Options

11. Do you agree these four TMOs present a reasonable range of options to consider for a reformed connections process?

We do not believe TMO 1 to be appropriate, as per our response in question 1, to be considered although can understand the reasoning behind using it as a baseline for comparison of the other TMO's.

TMO 2 Gated process without application windows

With this process, we do not believe it to be in the developers interest to have an offer that is indicative as it creates an uncertainty over their connection costs/timescales. Although there is the benefit of creating less study requirements on the TO for the indicative offer stage, we believe this is outweighed by the negative impacts on the developers. It would be a significant risk to the developer and, at some financial cost, to submit consents in order to achieve gate 2 where there is a risk that the connection date/cost is unacceptable to their project and therefore could create an unintended barrier to entry.

This process would also still not address the issue of the volume of applications received by the TO as there would only be minimal barriers to application if, for example, only the letter of authority for land was introduced.

We also have concerns on how the application fee, under the current system, would work. Currently, depending on whether the customer choses a fixed or variable application, the fee would be charged once the customer has accepted their offer. The amount of studies involved in assessing the application would determine the level of the fee charged, however this would not be possible for the indicative application as the majority of the studies would be required at gate 2 and therefore we would either need a 2nd application for gate 2 or hold off from reconciling indicative fees until the gate 2 has been achieved.

TMO3 – Gated process with a ‘mid’ window

This process has the same issues as TMO2 as stated above. As the only difference between TMO3 and TMO2 is the fact that there would be a window to assess all schemes that have submitted consents instead of in real time, there is minimal differences in the 2 approaches.

This process would increase the opportunity for an efficient network design due to the majority of works required to connect the customer being determined at gate 2 and therefore there could be a solution that could combine multiple projects in one area of the network into one overall efficient design.

However, the disadvantage of having a window would be that progression for the customer could be impacted by the delay in progressing to gate 2. For example, if the key driver for the connection date is the sole use works, the programme for these works would be driven by when gate 2 is achieved which could delay those works by at least 6 months based on your proposals for window time frames. This may have a determining factor on whether the developer would proceed with their project.

TMO4 – Gated process with an early window

We believe this option has the most potential to be an effective connections process, however there are some issues with this option as it stands.

Firstly, unlike TMO 2 and 3, this TMO provides the customer with a full offer at gate 1 which we believe is key to ensuring risk is minimized to the customers business case.

Also, by having an application window where applications can only be received at a set point in the year, this allows the TO to have a baseline out with this window in which to determine a CPA, in conjunction with the ESO, which would be advantageous in pre-application meetings where this baseline would not move until the next application window.

An early windowed process would also have the most opportunity to improve efficiencies in investment planning where multiple parties applying in the same area could be assessed as a group for the most economic solution that would encompass these parties.

TMO4 is also the only TMO that does not allocate a queue position within the 1st gate, where queue position is assigned once the customer has reached gate 2 allowing those who have progressed more quickly to potentially advance quicker than those who are not. There is a concern here that this may, by its nature, advantage those customers who have technologies that could be constructed quicker eg battery storage. However, it does promote faster progression of schemes which is a positive step and will help towards the Net Zero targets.

There are concerns with this process, however. Firstly, this TMO, due to not providing a queue position until gate 2, would offer a “worst case scenario” connection to customers. IE where multiple parties apply in the same area, the investment plan would need to ensure the minimum enabling works to connect all the sites. This could potentially mean that the date for connection would be further into the future than if the customer was allocated a queue position on a 1st come 1st served basis. For example. If a 50MW scheme applied under the current process, they could be given a connection with just TCA and Sole Use assets as enabling works with a 4 year construction plan. If there are multiple other schemes that have applied in the same area, their cumulative impact could mean a further reinforcement is required that because of the complexities of construction, could delay that date further.

In the example above, the current process would apply a queue order where those who have 1st applied are given the date based on TCA/Sole use works and the remainder would be subject to the wider reinforcement works. TMO4 would put all of the customers in one pot so that the worst-case scenario (IE the wider reinforcement) would be enabling for all the customers until gate 2 where those that submit consents would have the 1st opportunity to have the wider reinforcement removed and therefore bring their dates forward. This would be a risk for those customers whose business plans could be dependent on an earlier connection date than the wider reinforcement but would have to invest a lot of finance in submitting consents to achieve the earlier date. It would also not be guaranteed that this customer would advance as others may progress their consenting quicker and take up the earlier date. This again would advantage the larger developers who could afford to take on this risk.

In addition to the above, securities and liabilities potentially associated with the additional reinforcement works could be a barrier to acceptance of the offer, where under the current process, those who have applied

earlier would not need to secure the wider reinforcement. These securities may fall away if the scheme advanced to gate 2 but this risk could be too great for some schemes, who may have valid, realistic schemes, to accept initially.

There would also be a concern about the volume of applications received all in one batch. At present these are spread out across the year allowing us to manage these within the current licensed time frames. In order to provide full offers to all the customers within a single period, we do not believe the existing licensed time frames to be sufficient and would propose that, if this TMO is progressed following consultation, that these time frames would need to be reviewed to ensure they could be amended to be more realistic.

Consideration would also need to be taken to the timing of these windows to ensure they align with wider initiatives such as government funding mechanisms, offshore leasing rounds or DNO processes such as Week 24, where misalignment with these could inadvertently risk schemes dependent on those initiatives from applying/accepting their offers.

As stated in our previous response to question 4, there is a concern that the pre application data provided to customers prior to a windowed approach may not be as valid as with a 1st come 1st served approach due to the fact that, individually, schemes may trigger minor reinforcements but collectively in a window may require an increased level of reinforcements where this worst case scenario is offered to all applicants.

All of the TMOs do not consider the investment planning business case concern that, there are instances where requirements to proceed with the reinforcement is predicated on approved business cases that are likely to be reliant on a level of capacity requirements that, if not achieved, would not allow the reinforcement to progress. This creates uncertainty on connections dates for customers.

12. Do you think any of the four TMOs could be materially improved e.g. by adding, removing or changing a specific aspect of the TMO? If so, what and why?

As we have stated we do not believe TMO 1 should be considered as a viable approach to a reformed process as it is only enhancing the existing process with potential add ons that are being proposed.

For TMO 2 and 3, a potential improvement to the process would be providing, not only the worst case scenario at the indicative offer initial stage but also highlighting the best case scenario for the offer to allow customers to be able to assess the risks of accepting the offer and allow them to see how early they could be connected.

For TMO 4, we believe there should be a more co-ordinated approach linked to investment plan certainty where, if the windows were linked to business case approvals eg where minimum capacity requirements to be able to have certainty in investment can be achieved, would give customers greater visibility of the expected connection dates. Without this, worst case scenario dates are at risk of further delay.

In addition to minimum capacity requirements, we believe there could be areas where further investment could be uneconomical and limiting capacity availability in these areas would help alleviate this issue.

13. Are there any important TMOs we have missed?

As we have stated in response to question 1, we believe an approach linked to centralised planning would be beneficial.

14. Do you think ‘Submit Consent’ is too early for Gate 2 in TMO2 to TMO4? If so, what milestone should be used instead and why?

We think that “submit consents” would be the right point in the project lifecycle to apply the 2nd gate. Any earlier than this means that customers who have not progressed their scheme to the consenting stage would be insufficiently progressed to provide a level of certainty that the scheme will proceed to connection.

Alternatively, if Gate 2 was conditional on achieving consents, we believe this would be too late in the process for the customer as there is a risk that they could achieve consents where there is no certainty of the connection date they would be provided until Gate 2 has concluded. There is the potential that if they achieved consents and their project is reassessed, the enabling works could be beyond the period that the consents would be valid for.

However, the main concern with applying a queue position in TMO 4 based on submission of consents, is that it still does not give certainty that consents would be achieved. There could be a scenario where a customer is advanced based on submission of consents, the customer behind them applies for consents at a later date and is not provided with an earlier date for connection as the 1st customer has taken up the last available headroom prior to reinforcement. If the date for that reinforcement is not acceptable to customer 2 and they took the risk that they would submit consents to get the earlier date, they may terminate. Subsequently, the 1st customer may not achieve consents and therefore that 2nd customer could have been given the opportunity to progress where their scheme could achieve consents more easily.

Chapter 7. Recommended TMO

15. Do you agree that TMO4 should be the preferred TMO?

Based on the options available, we agree that TMO 4 should be the preferred option, however we believe there could be improvements that should be incorporated into the process following the conclusion of the consultation to allow for more opportunities to align with investment needs cases and improve opportunities for anticipatory investment.

This option provides the best potential for an increased efficient network build, however there are concerns with this option as stated in our response to question 11.

16. Do you agree with our design criteria assessment of the four TMOs? If not, what would you change any why?

We agree with the overall scores against each of the TMOs, however we note that each individual design criteria has been given equal weighting. There is no context provided over which criteria should be more important than others. For example, should “Gives better access to and visibility of data and info for parties” have the same weighting as “Reduces overall costs to end consumers”? We don’t believe all of these criteria should have equal weighting, however we don’t believe it would have an impact on the overall preferred option.

17. What are your views on the stated benefits and key challenges in relation to TMO4?

We agree with the stated benefits and challenges set out in the consultation but we have provided additions to these as stated in response to question 11

18. Do you think that there is a better TMO than TMO4? Whether that be TMO1 to TMO3, as presented, a materially different option, or a refined version of one of the four TMOs we have presented?

As previously stated in response to questions 1 and 3, we believe an approach that is Central Planning orientated that is linked to a regional based planning approach would be more beneficial than the approaches outlined in TMO 1-4 and we would welcome the opportunity to work with the ESO to develop this into the connections process

From the options presented in this consultation, we believe that option 4 would be best suited to incorporate this approach.

Chapter 8. Key Customer and Technology Type Adjustments

T/D Interface

19. Do you agree with our views on DNO Demand in respect of the TMOs?

Although increased demand can have a positive effect on a constrained network, we agree with the views set out in respect of the TMOs relating to DNO demand and that, for TMO 1-3, the process should be same for the DNO as it is for other schemes. Where there is already existing GSPs that are connected, gate 1 could be bypassed where it is already consented.

For TMO 4, we have responded in question 11 regarding the timing of the proposed window which should be given due consideration if this preferred option is proceeded with.

20. Do you have any views on the appropriate mechanism to incentivise accurate forecasting of requirements and avoid more RDC than is necessary being requested by DNOs?

As stated within the consultation, RDC is currently not “defined, calculated or managed” and, as such would be difficult to understand the degree to how much capacity could be made available to the DNOs through this process. From the details within the consultation we could envisage a scenario where capacity could be allocated to the DNO without any evidence backing up the capacity request which could in theory reduce the amount of available capacity that could be allocated to a Transmission scheme who is ready to take that capacity forward.

Consideration should be given to appropriate evidence being provided by the DNO to mitigate this issue or through incentivization methods such as capacity holding charges.

There would also be a concern with regards to securities and liabilities. Currently, CUSC 15 sets out the securities and liabilities based on the generator capacity and connection date proposed, however RDC could potentially be provided to the DNO without an end customer with exact capacity/date requirements and so amendments to CUSC 15 would need to be considered in this context.

There could also be an issue for the DNO who, if there are no generators in the background at the point of applying for RDC, would not be able to pass through those securities/liabilities and would be at risk of abortive charges when releasing the capacity the following year due to the “use it or lose it” approach you have suggested.

We agree that aligning processes as much as possible would be beneficial to ensure no unintended favourability of either Transmission or Distribution customers but until the methodology of RDG is defined, it would be difficult to comment on whether this concern would be founded or not.

Any changes to the proposals for allocating capacity should be cognisant of the changes currently being proposed through the ENA SCG working groups. It may be possible to reduce the risk of allocating insufficient capacity by potentially using the RDC as an export/import limit similar to that proposed through the ENA SCG working groups. This will allow flexibility for the DNO to manage their connections.

21. "Do you agree with our views on the process under which DNOs apply to the ESO on behalf of relevant small and medium EG that impact on or use the transmission system, including that (under TMO4):
i. DNOs should be able to request RDC via application windows to allow them to continue to make offers to EG interwindow; and"

We agree that DNOs should apply within the window period under TMO 4 along with all other applicants to ensure that all projects would be subject to the same process and allow for equal opportunity for queue position.- There are concerns over the progression of small embeddeds within the windowed process that could mean waiting for long periods until the next window is open for them but if the DNO has accurately forecasted their capacity requirements, this concern should be minimized as per our response in question 20

ii. resulting offers should be for firm access until relevant EG has reached Gate 2 (at which point they can request advancement and an earlier non-firm connection date)?

We agree that non-firm advancement, whether this is a curtailable approach or through a zero export approach, for any customer, whether embedded or directly connected, should be applied at the same stage depending on which TMO is ultimately chosen.

Directly Connected Demand

22. Do you agree that directly connected demand should be included within TMO4 and that the benefits and challenges are broadly similar as for directly connected generation?

We agree that directly connected demand should follow the same process outlined in each of the TMOs as they would need similar considerations to that of generation.

Offshore

23. Do you agree that TMO1 to TMO3 would require a separate offshore process, and that this would result in material disbenefits?

We believe a centralised planning approach to Offshore schemes results in efficiencies of network planning and, as a result, cost benefits to the wider consumer. Under TMO 1 to 3, there would be a requirement for a separate process such as the existing HND process to ensure those cost efficiencies are continued to be realized.

24. Do you agree that TMO4 is the most aligned to the direction of travel for offshore projects? If not, why?

We agree that TMO 4 is the most aligned to incorporating offshore projects as the early windowed process is similar to the current HND process.

25. Other than the Letter of Authority differences are there any other TMAs which have specific offshore considerations?

We do not see any differences required for Offshore connections for any of the TMAs apart from the letter of authority.

Network Competition

26. Do you agree with our views on network competition in the context of connections reform, including that TMO4 is the option which is most aligned with network competition as it includes the most design time at an early stage in the end-to-end process?

Purely in the context of Connections Reform, we agree that TMO 4 is the option that would have the most potential to be able to accommodate network competition into its processes.

Chapter 9. Supplementary Target Model Add-ons

27. Do you agree with our initial recommendation related to each of the TMAs within this chapter? If so, why? If not, what would you change and why?

TMA H – Structure and Value of Fees

Application fees currently cover the full valuation of our study time for each application as they are received. Fees can appropriately be recovered by the TO once the offer has lapsed or accepted. However, with a gated process (as in TMO 2 to 4) whereby there would be 2 stages of assessment by the TOs there needs to be consideration of whether an additional application fee should apply for the 2nd stage or whether adjustments need to be made to the fixed fees to account for the 2 stages. If the fee was on a variable basis and there was no 2nd stage application fee, it could potentially mean that reconciliation of the costs would not be concluded until the 2nd stage is complete.

As noted in our response to question 5, we believe if there is an enhanced pre-application service, there should be a review of the application fees to potentially incorporate those enhanced services into the application fee rather than a separate pre-application fee.

TMA I – Criteria for ESO to reject an application

We believe that, under a centralised planning approach coupled with a regional area plan, there should be criteria for the ESO to reject an application where there are limits to the capacity requirements for the investment plan ..

With regards to restriction based on technology type, we believe there could be advantages in exploring, where there is the right technology mix within the area ie whether the area has predominantly wind generation or battery storage, a criteria that could restrict further similar technology types in that area.

We don't agree that there should be caps on the number of applications a customer can submit, especially for TMO 4 where there is only 1 opportunity within the year to make an application. However, multiple applications for one site, IE various capacity applications for the same site, should be prohibited and restricted to either 1 application or, alternatively they could proceed down a feasibility study route.

TMA J – Optionality provided in an offer

We do not believe that offering options for connection within an offer would be efficient or possible within the current licensed time frames. We believe this is best served through the feasibility study route and with effective pre-application data provided to customers in order for them to make an informed choice.

Under TMO 4, however, we do believe that providing a best-case scenario, potentially out with the offer, would be beneficial for customers to ensure they have sufficient data to make an investment decision. This, however, would not be an option for acceptance but used for information purposes only.

TMA K – Capacity products in an offer

We agree with the recommendations that K3 and K4 would be beneficial products. A definition of Transmission Import Capacity (K3) would align with Distribution who already provide this and would allow our contracts to refer specifically to the defined term. K4 (Defining “non firm”) would be beneficial to allow greater clarity for industry as “non-firm” is sometimes referred to in the context of SQSS compliance and sometimes in relation to restricted capacity.

TMA L – Requirements to accept an offer

We believe that there should be a review of the current User Commitment provisions under CUSC 15, to ensure there are no unintended consequences when providing indicative offers.

Although we disagree with a holding charge, in general, for capacity as it is unlikely to be a deterrent to “capacity hogging”, it may be worth further investigation for the RDC mechanism as per our response to question 20.

TMA M – Timeframe for updating contracts

We agree with the recommendation that M1 is the correct approach for updating contracts. Currently we are obliged under the STC to provide updates to contracts within a reasonable timeframe of being aware of the change, therefore any changes to this approach would require STC changes.

In addition to this we believe updating the customer as soon as possible would provide a better service than waiting for a specific date. There would also be concerns about resource if all contracts were requiring updates at one specific time of the year.

TMA N – Criteria for ESO to reject a modification

We do not agree that there should be a cap on the number of contract changes as some of these changes may be outside the customers control and therefore unfair to penalize them for this. We note that the majority of modification applications received in our area relate to date changes, under the new Queue Management proposals, this would significantly reduce.

We do believe there should be criteria for the ESO reject a modification where, for example there is a change in technology type from wind to energy storage, which may have a detrimental impact on existing customers in the queue. There would need to be clear, published criteria for the reasons for rejecting these for the wider industry to be aware of.

TMA O – Secondary processes

We agree that a review of the processes described would be beneficial, especially in the context of TMO 4 where applications can only be submitted within set times of the year. Any timeframes for these contractual amendments would need to be agreed between the ESO and TO.

TMA P – Dual Track Process

There would need to be a clear, industry agreed definition of what a “priority project” would be to ensure fair treatment. We agree that all projects should be provided with the same timescales for a connection offer at gate 1 whether these are deemed as priority or not.

TMA Q – Financial compensation

We do not agree with the facility of financial compensation for developers where the date for connection has been delayed by the TO. We are license bound to ensure our connection delivery timescales are met in a timely manner and it would only be where there are circumstances out with the control of the TO that we would delay a connection date. The funding for these delay charges would also be ultimately borne by consumers. We believe that any decisions over financial compensation should be made by OFGEM where there could be incentivization methods, such as recently enabled within the ASTI mechanism.

TMA R – Management of underused capacity

We agree that the “Use it or lose it” approach to customers who do not utilize their full capacity, should be implemented as this would release capacity for others in an already constrained system. Consideration must be made to the fair and transparent criteria for this and to ensure that those customers who don’t use capacity for good reason eg long periods of maintenance, are not unfairly treated.

TMA S – Fast-track dispute process

Any fast tracking of the dispute process would need to be agreed with through OFGEM, although we agree in principle that accelerating disputes would be beneficial to ensure network investment plans have certainty over whether the scheme should be included or not, however the speed of the process should not detract from the robustness of the approach.

Chapter 10. Detailed Design, Implementation and Transitional Arrangements

28. Do you agree with our current views in respect of the implementation period?

We believe there will need to be substantial changes required to the codes and licenses, along with other changes to charging methodology statements etc for TMOs 2-4 to be implemented. There are very few of the options proposed that could be implemented in a shorter timescale than that proposed in figure 10.1. The letter of authority as a prerequisite for application would likely be the only one that could be implemented quickly.

License changes would be subject to OFGEM approval and code changes would require industry agreement for implementation. We would implore that any changes that would help facilitate the goal of Net Zero be fast tracked as much as possible.

There would also be requirements for changes to our systems and, to some degree the resource and training involved in facilitating the reform and we are committed to working with the ESO and OFGEM in ensuring this will be effected in as timely a manner as possible, however until the final solution has been determined we would not be able to divulge exactly how long this would take considering the amount of variables for each TMO and TMA combined.

29. Do you agree with our current views in respect of transitional arrangements? What are your views on how and when we should transition to TMO4?

We agree with the need to reform the current connection process system as soon as is practicable and addressing the current contracted background issues is essential in order to meet our Net Zero targets, therefore we urge the timely implementation of Queue Management as proposed under CMP376 and for it to be applied to the existing background as soon as possible as this is where it will be most effective.

Transitioning to a radical new approach for connections applications, such as TMO 4, would be difficult whilst undertaking the business as usual approach to applications, however any period of transition where there is a “pause” on applications should be minimized as much as possible.

If TMO 4 is agreed upon as the approach to the application process, there should be immediate action to start the lengthy process of implementation, all of which would need industry to work together in order for it to be successful. We look forward to working closely with the ESO and OFGEM in facilitating the next steps towards a reformed process.

It should be noted that, although we believe this is a positive step towards reforming the processes, further consideration should be made to how this could be improved in the future and this should not be the end of

connections reform once implemented, but a transition to an approach that will ensure we are connecting the right generation, at the right time in the right places to achieve net zero.

30. What further action could Government and/or Ofgem take to support connections reform and reduce connection timescales, including in areas outside of connections process reform?

We believe there are other actions that can be taken outwith this process to help enable the progress towards net zero. Actions under this connections reform process alone is not sufficient to deliver the crucial outcomes required.

Regional/Local Area Plans

We believe our regional/local area plans are important in addressing acceleration of projects and help to remove barriers to connection. CSNP would be key in enabling this approach and would welcome continued development of the details to deliver a CSNP across the Transmission network. We would welcome collaboration with OFGEM, ESO and ourselves to discuss how our regional/local area plans could enhance the CSNP output.

Consenting

We would urge action to be taken to address the lengthy timescales in the consents processes that hinder the progression of connecting customers to our network. By reducing timescales in this area, this would have a major impact on the ability to meet Net Zero targets.

Whilst wider policy reform and more rapid regulatory approval will help accelerate the role out of critical transmission infrastructure, it is essential that across industry, Government and all political parties we positively communicate the need for and associated benefits the infrastructure required to deliver collective net zero ambitions.

Securities

We believe the current securities/liabilities provisions, as set out in CUSC 15, require major reform to ensure they are fit for purpose. The current system is an improvement on the previous methodology where it is now more proportional however, it is still a barrier to entry for a number of our customers. Some of the key areas to address:

- Demand customers- Demand customers are still on the old methodology where they are securing the full costs of the reinforcements rather than proportional. We note there has been a CUSC mod recently raised for this.
- MITS nodes- Some GSPs are MITS nodes and others are not. Where the GSP is not a MITS node, securities for customers connecting to that GSP may have to secure significant amounts for reinforcements deeper into the network.
- Securities for customers where reinforcements have already had regulatory approval. We believe customers should not need to secure where these works will go ahead regardless of the security provisions.

We would support discussions, in relation to the above, with OFGEM and ESO in order to ensure these issues are addressed.

Anticipatory Investment

Initiatives such as ASTI are a positive step towards the widened use of anticipatory investment and we believe that further steps should be taken to extend this treatment to other network reinforcements where there would be minimal risk to stranded assets if applied appropriately. We welcome the opportunity to work with Government and OFGEM to discuss this further.