

Connections Process Advisory Group

Meeting 2 Minutes

Date: 25/01/2024 **Location:** MS Teams

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Merlin Hyman, Regen, CHAIR	Attend	Deborah, MacPherson, ScottishPower Renewables	Attend
Neil Bennett, SSEN Transmission	Attend	Jennifer Pride, Welsh Government	Attend
David Boyer, ENA	Attend	Oz Russell, ADE	Attend
Chris Clark, Emtec Group	Attend	Andrew Scott, SSE Distribution	Attend
Catherine Cleary, Roadnight Taylor	Attend	Chanura Wijeratne for Patrick Smart, RES Group	Attend
Liam Cullen, Ofgem	Attend	Ian Thei, Department for Energy Security and Net Zero	Attend
Arjan Geveke, EIUG	Regrets	Spencer Thompson, INA	Attend
Ben Godfrey, National Grid Electricity Distribution	Regrets	Matt White, UKPN	Attend
Garth Graham, SSE Generation	Attend	Joseph Henry for Camille Gilsenan, ESO	Attend
Paul Hawker, Department for Energy Security and Net Zero	Attend	Laura Henry, ESO	Attend
Claire Hynes, RWE	Attend	Robyn Jenkins, ESO	Attend
Jade Ison, National Grid Electricity Transmission	Attend	James Norman, ESO	Attend
Jasmine Killen, Scottish Government	Attend	Paul Mullen, ESO	Attend
Allan Love, SPT	Attend	Mike Oxenham, ESO	Attend
Holly Macdonald, Transmission Investment	Attend	Folashade Popoola, ESO	Attend
Alasdair MacMillan, Ofgem	Attend	Mike Robey, ESO (Technical Secretary to CPAG)	Attend
James Macauley, Ofgem	Attend	Lee Wilkinson, Ofgem	Attend
	Attend	Salvatore Zingale, Ofgem	Attend

Agenda

1. Welcome and matters arising Merlin Hyman

2.	Minutes and actions from meeting 1	Mike Robey
3.	Code Change Strategy	Paul Mullen
4.	Queue position allocation	Paul Mullen
5.	Package 1: Substation bay allocation / redesign	Shade Popoola
6.	Final sums STC mod proposal	Neil Bennett
7.	Next steps	James Norman
8.	Any Other Business	Merlin Hyman

Discussion and details

Minutes from meeting, including online meeting group text chat during meeting, where referenced as “[From online chat]”

1. Welcome and Matters arising

- The Chair welcomed all members. He noted that the Connections Delivery Board is looking for advice and guidance on strategic issues and that input from this group will be important to support this.

2. Minutes and actions from meeting 1

- **Decision 2.2.1:** CPAG members approved the circulated draft of the group's terms of reference.
- **Action 2.2.1** ESO to publish.
- **Decision 2.2.2:** CPAG approved the meeting 1 minutes
- **Action 2.2.2** ESO to publish meeting 1 minutes

3. Code Change Strategy

- ESO plan to raise a suite of changes to industry codes in 2024 to deliver the Connections Reform minimum viable product identified in the published final recommendations. The timing, groupings for change and thoughts on the appropriate level of codification were highlighted as topics for input.
- ESO will share its planned approach to modifications at TCMF 29 February and 04 April and to CPAG 07 March, if the group would find it useful.
- A member raised whether the Connections Delivery Board (CDB) would approve the approach.
 - ESO said they would not seek CDB approval as these were ESO's strategy and stakeholders will be able to input and propose alternatives through the formal code change process.
- ESO is seeking to balance avoiding too many code modifications, co-ordinating changes and ensuring appropriate expertise on the work groups.
- A member noted that some areas of code changes proposed were heavily codified and already subject to existing code mods. Given this ESO should consider splitting its code mods so they can be considered in the context of existing mods.
- [Online chat: A member queried whether grouping mods together would affect how WACMs are considered for individual elements of the bundled mod app by the Authority.]
- A member recommended codifying all the changes, which the Authority formally approve, rather than relying on updated guidance. They felt this was fairer for all parties.
- A member noted that guidance from the Authority last year (Ofgem DCP328 decision letter 12 July 2023) recommended separate code modifications, rather than bundling complex issues. This approach also helps get the right expertise onto workgroups. It would be possible to pursue packages of individual modifications.

- A member challenged whether the plan provided enough time to deliver the changes and asked whether delivery was quicker if changes were not fully codified.
 - ESO noted it was only achievable through the urgency approach, that it would also be considering what should be put forward for code changes and acknowledged delivery may be quicker if not fully codified, although there was still a challenge to work at pace. ESO intends to put the obligations and principles in code, with methodology sitting outside this.
 - [Online chat: A member queried whether Ofgem had committed to the proposed dates. ESO clarified that the dates presented were an illustration of the programme it proposed under the urgent code change approach. The Connections Action Plan does not commit to a schedule for the TMO4 implementation plan.]
- A member advised caution about the schedule relying on important phases of the process being delivered over the summer when availability will be a delivery risk. They supported the concern about the risk of competing mods and raised how to prioritise these really important mods with the right expertise on the workgroups.
- A member asked how the strategy ties to existing mods, like CMP427 (introducing the requirement for a Letter of Authority). They expressed preference towards smaller more specific mods to help ensure appropriate expertise on the workgroups.
- ESO noted there was precedence for the production of guidance with EMR. In this case the codes state parties must comply with the guidance and then the guidance is reviewed and updated annually. With the correct governance around the development and updating of guidance therefore we shouldn't shut down the consideration of using guidance. ESO will be fully independent when these changes come in to force too. With the right governance around this, it can be more agile whilst maintaining fairness.
- A member expressed concern that achieving January 2025 for reform go-live will be difficult to achieve even under urgency. They felt that individually defined mods will be easier to manage and supported others' views on this approach helping secure appropriate expertise on workgroups. They further noted that CMP192 ran to over 100 pages and that there needed to be a level of detail codified with extra detail provided as guidance.
- A member raised whether ESO was liaising with DCUSA code admin.
 - ESO stated that it had not yet, but would be doing so as they had recently identified there may be a need to.
- ESO recognised the need for any guidance to be kept up to date and that an obligation to consult on guidance would be an essential part of any move to guidance.
- A member noted there's a legal obligation for Ofgem to approve terms and conditions for connections, but this process does not exist for guidance and stakeholders don't have the ability to change guidance. This contrasts to code governance approach where stakeholders can propose alternatives. [Online chat: Another member shared this concern with the guidance approach].
 - [Online chat: ESO also noted that licences are also a lever for Ofgem to ensure appropriate outcomes, not just for industry codes. The relationship between the two needs to be considered in any decision on codes v guidance. For example, the requirement for ESO to publish its annual Network Options Assessment, for £bns of investment in the transmission network, is in the licence, and not codified. ESO is not suggesting going that far, more about getting the right balance between licence and codes.]
- A member noted that the group's terms of reference describe the group scoping code defects and sought clarity from ESO on how this will be done and volunteered to assist.
 - **Action 2.3.1** ESO to scope defects and bring them to a future CPAG meeting (07 March).
 - [Online chat: a member welcomed this as it will help members to engage industry stakeholders to help ensure the right representation was secured for the code mod workgroups.]
- The Chair closed the discussion noting the need to have more formal governance arrangements for any guidance and that FSO becoming a public body should also give more standing to the guidance.

4. Queue position allocation

- ESO noted the discussion of queue position allocation will inform thinking on the position of Gate 2, which is due to go to the CDB 15 February.
- ESO sought views on two options presented, with sub-options.
- A member felt option 2 was viable and better for developers, whilst acknowledging that there was a risk of gaming the system by developers, which queue management could help contain. They suggested taking both options to the Authority.
- A member reported back from consulting with developers. This group preferred option 1b as they felt option 2 risked developers proposing unrealistically earlier connection dates in order to game the system. They felt developers would not be worried about being penalised in future windows. These consulted developers liked the approach in option 1b of the transmission works register including dates for enabling works.
- [Online chat: A member queried whether option 1b information was already in the Appendix J of BCA/BEGA offers.]
 - [Online chat: ESO responded that it was not to the same level. App J does not include dates for all subsets of connection asset and/or enabling works. Administratively better that anticipated dates are published in a central document as many developers are dependent on the same shared enabling works.]
- A member felt that option 2 favours the quickest, smaller projects, but that this does not support achieving the right generation mix for Net Zero. They also noted that option 2 encourages people to game the system and that queue management would take some time to have affect. They felt that this approach would not help achieve the Connections Action Plan goal of connection dates offered being within 6 months of the developers requested date. They supported option 1 and noted the benefit of giving more certainty.
- Another member preferred option 1a or 1b and felt that Option 2 still retained elements of first-come first-served and had risk of interactivity, whilst option 1 removes this.
 - [Online chat: ESO felt there would not be interactivity in option2, queue would be ordered on the date requested, not the date the application was submitted. All applications would be considered at the same time as part of the co-ordinated network design, therefore no interactivity. In both option 1 and option 2 you can be advanced through earlier non-firm and/or through use of capacity gaps, at gate 2. In option 1 you can also be advanced based on how the co-ordinated network design was done, having not allocated a queue position until gate 2. This is not possible in option 2, as queue position was allocated at gate 1.]
 - [Online chat: A member queried whether option 2 would therefore limit the options for strategic prioritisation at gate 2, given that the criteria for this has not yet been decided. ESO agreed that relative to option 1, this would be the case.]
- A member preferred option 2 noting the need for queue management to remove zombie projects. They emphasised the need to avoid penalising slower projects. They queried whether connection date was the right focus and raised whether CSNP would be more objective.
- A member supported option 1 as it gives priority to projects that can really use the capacity, with for example planning consent required at gate 2. They noted that the current contracted queue is driving the need for reinforcement, but these projects may drop out meaning new applications may not need to wait for reinforcement. They noted that some generation types had longer planning timescales which would need to be accommodated within the approach.
- A member reported that they had spoken to customers about the options and felt it was emotive to talk about gaming the system. They reflected that the windowed application process will change customer behaviour. They expressed preference for option 1b, with 1a as the next best. They highlighted that some developers were starting to lose funding and active queue management of the 450GW queue is absolutely essential. They stressed the need to avoid putting additional barriers in place and highlighted that projects with 10+ year connection dates were un-investible.
- A member welcomed efforts to improve certainty. They noted that option 2 risks gaming the system, which the reforms were trying to get away from. They preferred option 1b.

- Another member supported option 2 for improved investability, but also supported option 1b. They expressed the view that queue management would help manage the risk of gaming. They raised what the impact would be on wider works.
 - ESO acknowledged concern about enabling works and reinforcement. The intention of the reforms is that transmission owners would invest based on gate 1 and not wait until gate 2 is reached otherwise the networks would be on the critical path for connection dates.
- A member asked how gaps would be filled from queue management terminating projects.
 - ESO noted that capacity will be allocated at gate 2 and that technology type was not a factor in option 1. ESO is giving thought to how capacity freed up in the existing 450GW queue will be assigned, considering project size, type, location.
 - [Online chat: a member sought clarification that connection milestones are worked backwards from the connection date given (not the date requested). ESO confirmed this.]
- A member preferred option 2 and noted that for embedded generation, not all projects needed to source funding or planning permission, so it would encourage these projects. Will this be resolved through the Demand Forecast Transmission Capacity approach?
 - ESO noted the discussion is still relevant as DNOs would request DFTC and firm capacity would be allocated to DNOs on the same basis that directly connected transmission projects firm capacity would be. There may be interaction with Technical Limits which will need working through.
- A member noted that lots of embedded projects already have planning permission but may get caught up in option 1.
 - ESO acknowledged this and clarified these projects would have already met the requirements of Gate 2 so would be allocated capacity and a queue position under option 1.
- A member queried and ESO clarified that a different approach would be required for offshore projects, including interconnectors. ESO noted this could be akin to the DFTC approach for embedded projects with DNOs, linked to Crown Estate / Crown Estate Scotland leasing rounds.
 - [Online chat: a member flagged that interconnectors do not need a CE/CSE leasing round to kick-off as it was a different process. They emphasised the need for certainty on where they will connect in order to plan the route of the cable.]
 - [Online chat: ESO agreed with this and noted that option 1 provides confirmation at gate 1 on where to connect, but not final confirmation on when (gives a latest date and indication of earliest date). Option 2 provides confirmation at gate 1 on where and when. To note also that gate 2 could accelerate the when under either options 1 or 2.]
- The Chair concluded that there were different views on which approach was preferred with support shared for both option 2 and option 1b.
 - ESO noted that there would still be opportunity for stakeholders to propose alternative approaches through the codes open governance process.
- **Action 2.4.1:** ESO to bring a brief update on queue position allocation to the 08 February CPAG meeting.

5. Package 1: Substation bay re-allocation and redesign

- A member noted 3 types of customers - existing connected customers, brand new applications and those in the process of connecting, and that there was a need to clarify the scope of which of these would be affected by the plans and how they would be impacted.
 - ESO clarified that the developing plans are not looking at proactive queue management, so no-one will be bumped out of their bay if they're on track.
 - The member queried reference to moving projects to other bays.
 - The Chair noted ESO will return to CPAG with further details on the approach to bay re-allocation and standardisation.
 - **Action 2.5.1:** ESO to clarify when bay re-allocation returns to CPAG
- ESO noted the relevance to Gate 2 and what gate 2 is (re: it would be harder to re-allocate a bay once a project had secured planning permission, without higher cost and resource implications).

- A member suggested that the main interest for developers here is for projects waiting for a new substation to be built, as if it's possible to jump from that to an existing substation it would mean a change to the details of location, cabling to connect etc. which effects planning. Projects would need quick feedback so that projects can modify planning applications etc.

Bay Standardisation

- Members noted the variation in approach between the three transmission owners. It was suggested a CUSC mod may be required. Need to consider financial implications for TO and customers
- Members highlighted that the best opportunity for improvement could come from bay sharing. This already happens in Scotland, but in England and Wales with NGET approach for customers to own bays this doesn't happen and can mean a 200MW project is occupying a bay that could handle 1800MW, which members felt was inefficient.

6. Final sums STC mod proposal

- SSENT presented a summary of the final sums STC mod proposal, seeking changes to the securities regime. The proposed remedy would:
 - Still allocate a reasonable level of securities;
 - Help avoid speculative applications;
 - Provide minimal risk to consumers;
 - Ensure that reinforcements are not a barrier to connections; and
 - Reduce the onerous size of securities.
- A member shared experience of variable size of securities and emphasised the need for better checks and balances on securities.
 - [Online chat: Another member supported this view and emphasised consistency and transparency as being key.]
 - Online chat: A member highlighted the need for the mod to show how it will ensure consistency of treatment by the TOs.]
- A member agreed the need for greater transparency on when a transmission will and won't waive some securities.
- A member agreed that there was a real barrier to projects here and supported the proposal as a good first step.
- Another member also supported the proposal, noting securities as a real barrier. They noted that certain cancelation charges would still be required.
- Another member welcomed the proposal. They noted that securities and liabilities had been used in the text interchangeably, and that this should be reviewed.
- A member noted minimal risk within the proposed mod. They recognised a potential issue of a shift in the balance of risk from developer to consumer, but they felt that this proposal was not shifting the balance too far.
- [Online chat: a member suggested a correction to 7.5.2 to replace "received approval" with "received Authority approval". They proposed "7.5.4 Where the TO does not waive the right to include costs within the bi-annual estimate as stated in 7.5.2 then the TO shall publish on its website, in a timely manner, its reason for not doing so.]
- [Online chat: A member noted that it was important to ensure visibility of TO s-curves are made available more frequently, their experience is that this is not always provided not on a consistent basis.]
 - With regards to the consistency of treatment of when a waiver is/isn't applied a clause could be added along the lines of "where the TO has decided to pass through costs that are regulatorily approved, reasons for this will be provided to the ESO. "There could be reasons such as conditional guaranteed funding.]
- [Online chat: A member suggested ESO should have heavier spot audits on these.]
- The proposal is going to the STC panel in January and SSENT will be seeking urgency for the mod.

- The Authority noted that when the case for urgency is presented, it would be helpful to quantify the risks and benefit as much as possible. I.e. what is the magnitude of the securities developers are having to pay, which are for already approved investments, and how much risk is being transferred to customers.

7. Next steps

- ESO shared slides with an indicative plan for topics to be brought to CPAG and CDB until the end of March 2024.
- The next CPAG meeting is scheduled for Thursday 08 February.

Decisions and Actions

Decisions: Made at last meeting

ID	Description	Owner	Date
2.1.2	Terms of Reference v2 approved for publication	Mike Robey	25/01/2024
2.2.2	Meeting 1 minutes approved for publications	Mike Robey	25/01/2024

Action items: In progress and completed since last meeting

ID	Description	Owner	Due	Status	Date
2.2.1	ESO to publish CPAG terms of reference	Mike Robey	08/02/2024		
2.2.2	ESO to publish meeting 1 minutes	Mike Robey	08/02/2024		
2.3.1	ESO to scope defects and bring them to a future CPAG meeting	Paul Mullen	07/03/2024	In development	
2.4.1	ESO to bring a brief update on queue position allocation to the 08 February CPAG meeting	Paul Mullen	08/02/2024	On agenda	
2.5.1	ESO to bring bay re-allocation and standardisation back to CPAG	Shade Popoola	22/02/2024	In development	Click or tap to enter a date.
1.3.1	ESO to share its analysis of the impact of CMP376 on the existing TEC queue.	Kav Patel	08/02/2024		
1.4.1	ESO to look at how and when details of the outcome of the ongoing transmission works review can be shared	Robyn Jenkins	08/02/2024		

Decision Log – (to be populated)

Decisions: Previously made

ID	Description	Owner	Date
----	-------------	-------	------

Action Item Log

Action items: Previously completed

ID	Description	Owner	Due	Status	Date
1.2.1	ESO to circulate the updated Terms of Reference document	Mike Robey	25/01/2024	Complete	22/01/2024
1.4.2	Technical secretary to follow-up liaison and co-ordination with CDB	Mike Robey	25/01/2024	In place	24/01/2024
1.4.3	ESO to confirm how much detail of code mods will be taken to CPAG before going to code mod working groups.	Paul Mullen	25/01/2024	Discussed 25 January	25/01/2024