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Two-Step Offer Process

- **Customer Connections *Agora***
- **16 November 2022**

Introduction

The Customer Connection Agora Sessions are aiming to:

- ✓ provide an opportunity to learn about a variety of subjects such as Connection Processes, Connections-related Codes and Policy Changes, Network Operability, Operational Compliance, Security and Liabilities, Cancellation Charges and more;
- ✓ increase the visibility of the Electricity Connections Team to our customers, stakeholders and the wider electricity market;
- ✓ facilitate updates on our key workstreams and initiatives, as well as enable engagement and interaction via the Question and Answer segment.

November 2022 Agora presented by

Susana Neves e Brooks

Head of Connections
Networks



Laura Henry

Technical Codes Lead



Agenda

- ❖ Two-stage Offer Process
- ❖ Questions and Answers

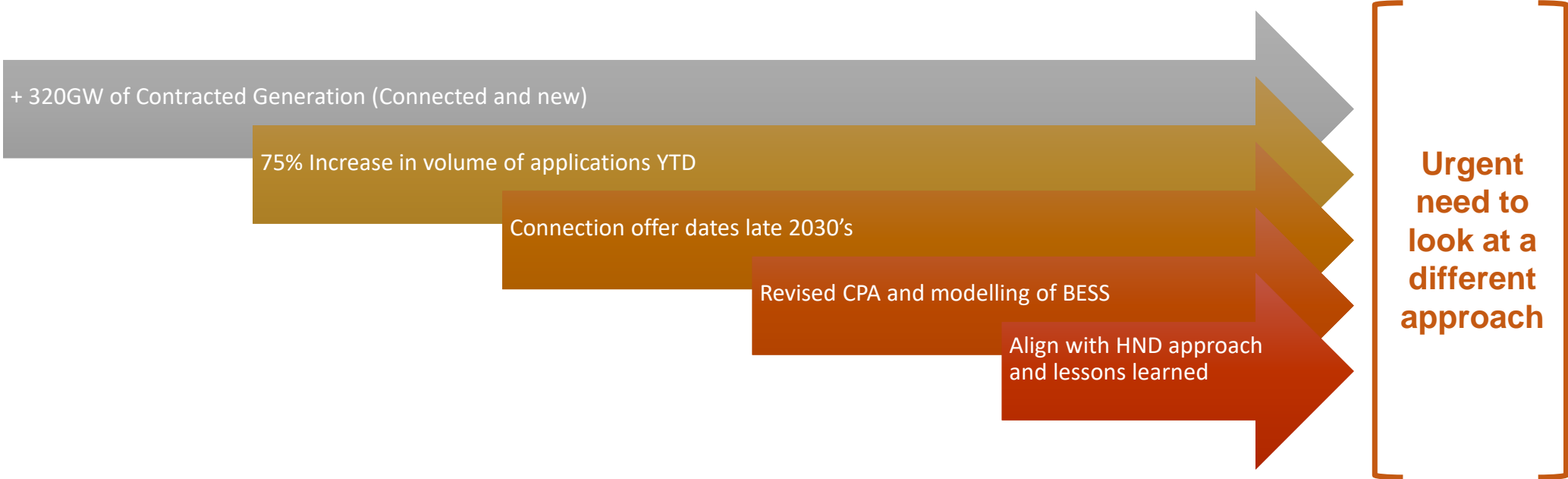
Please ask all questions in the Chat. We aim to get through as many questions as possible.





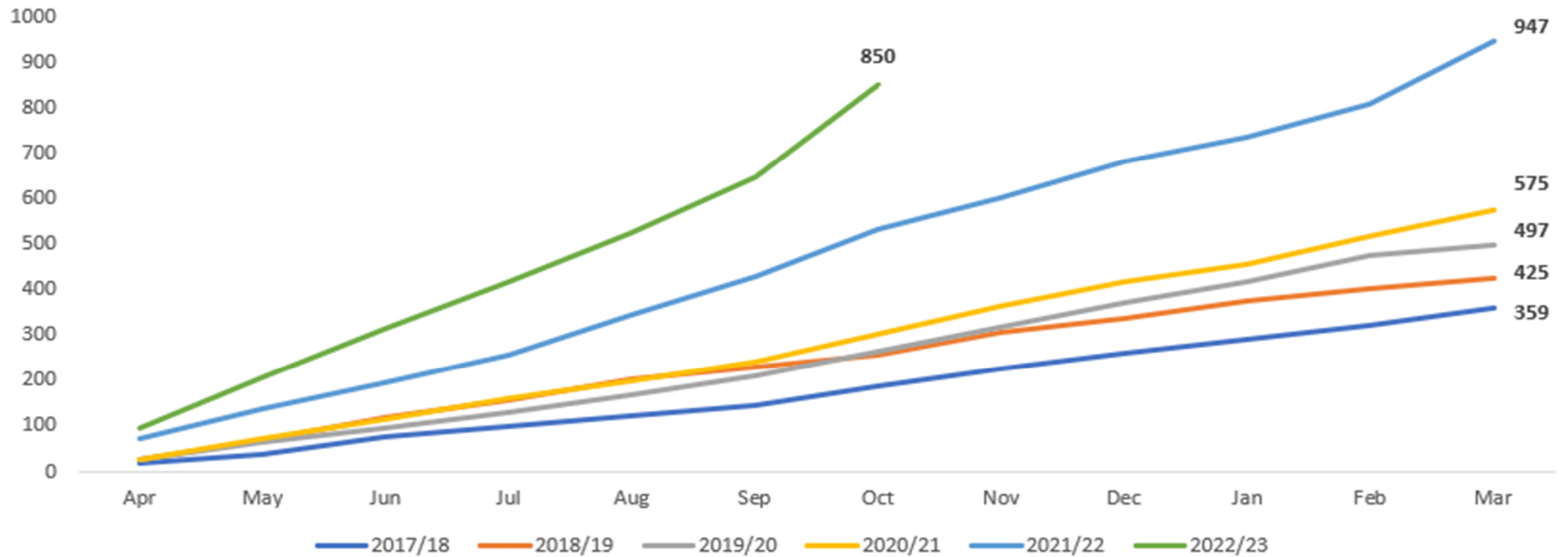
Two-Step Offer Process

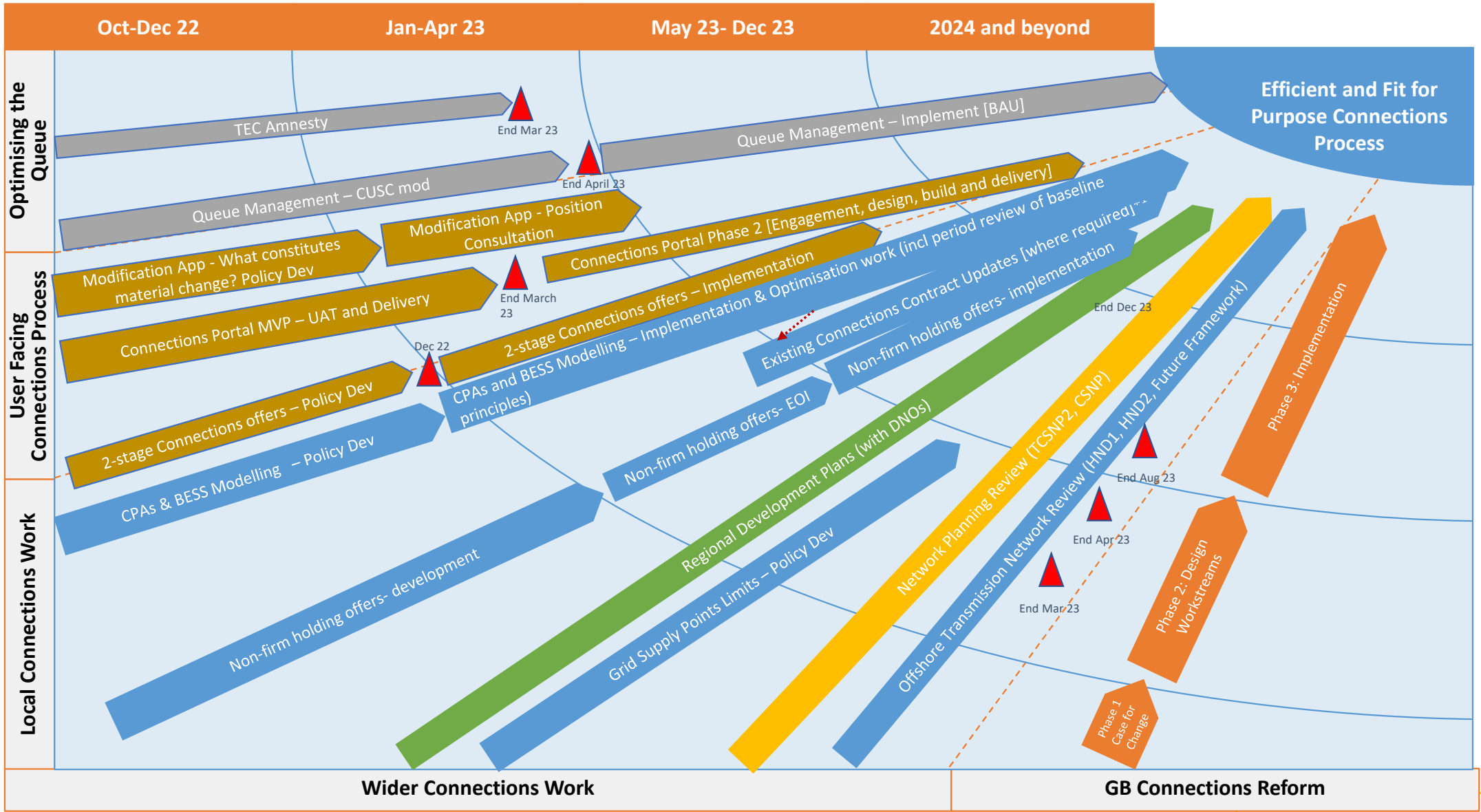
Current Situation



Connection applications showing unprecedented growth in applications to the NETS

Licensed Applications Received





*1 where CPA and Storage modelling review and optimisation of existing contracted background results in a revised scope of works, enabling works and connection date

New Transmission Reinforcement Works (TRW) Review required

Rationale for CPA Review

- Oversubscribed generation background
- Studies indicating that the network will be constrained
 - Drives the need for substantial enabling works
 - Causes late connection dates as a result
- Common goal is to achieve net zero together.
- ESO is taking on more risk whilst ensuring network remains operable, economic and efficient.

New Transmission Reinforcement Works (TRW) Review required

Local Region

- 50% Attrition rate applied to MW capacity
- Applied to projects without consents
- Applied by fuel type
- Applied to projects in the queue and projects with a connection offer

Wider Region

- 66% Attrition rate applied to MW capacity
- Attrition by fuel type
- Opportunity to align wider background with FES
- Wider boundary capability limits applied

Distributed Energy Resources

- 66% attrition applied to local and wider regions
- Mixture of appendix G data and FES
- DER output from POUYA
- Implication of DNO ANM Schemes

Battery Energy Storage System (BESS) assessment proposed changes

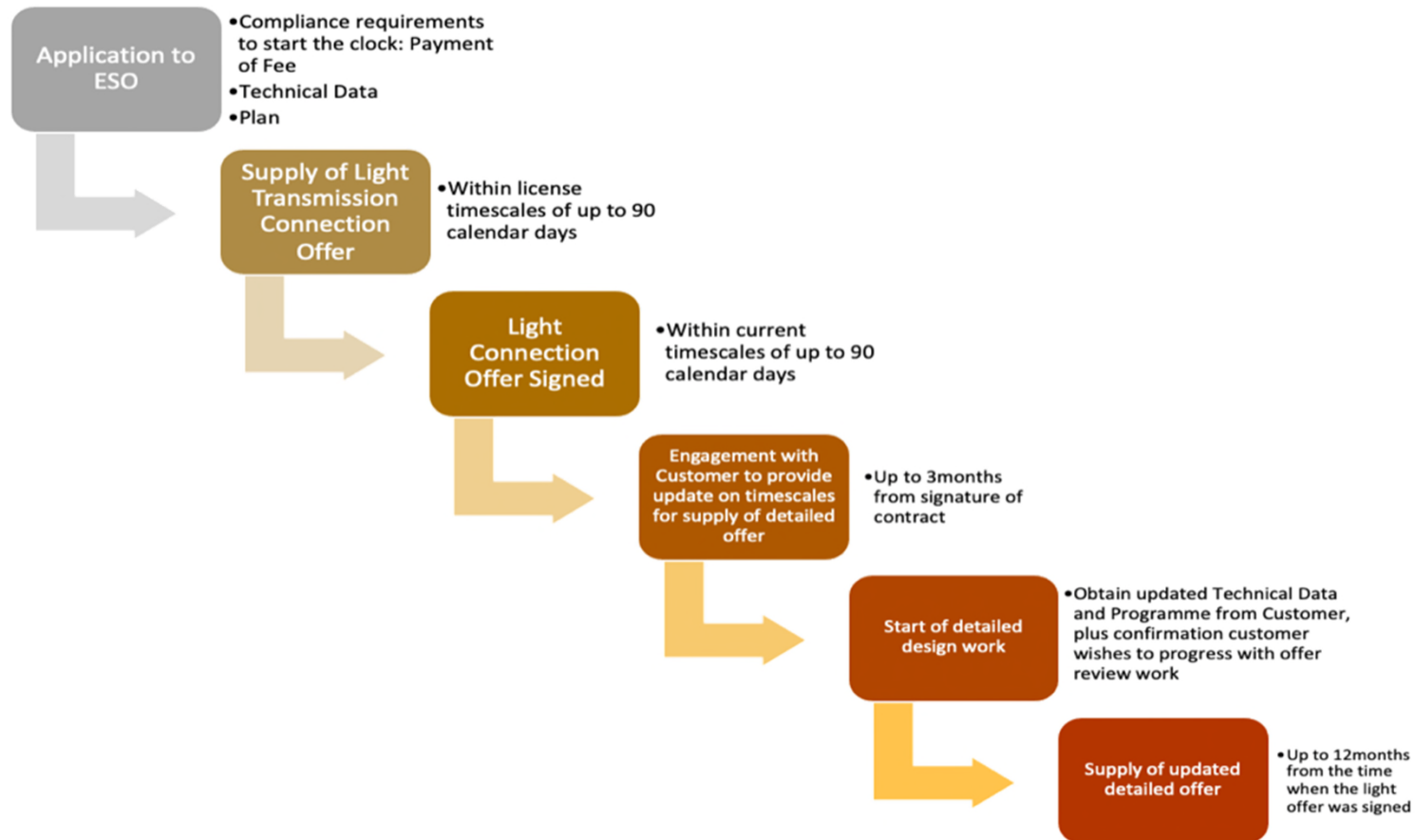
Interim non-firm connections to be provided to BESS.

ESO to instruct BESS to move to OMW should they contribute to constraints.

Restrictions under which BESS would be curtailed would be stipulated in their Agreement, to allow developer to carry out own risk assessment

Restrictions would be lifted following the delivery of enabling works.

Proposed Two-Step Offer Process



What will the new offers look like?

Step 1 Interim Offer

- Full legal BCA / CONSAG front end, with interim specific offer clauses added
- Connection Point (where applicable)
- Connection date based on current contracted background & enabling works
- Date when will come back to customer to discuss Step 2 offer
- £0 securities as no works listed in offer & TEC / queue confirmation

Step 2 Updated Offer

- Updated BCA / CONSAG as needed, ie delete Interim clauses
- Full suite of populated Appendices, including new reinforcement works and milestones
- Securities value will be updated, based on reinforcement works required

Where shall this interim process be used?



1st Phase, proposal for any offers due out to Customers from the 1st of December onwards – Process as described to be introduced in England and Wales



2nd Phase, early 2023 – Updated process using the same principles to be further developed and then introduced to North Scotland, SSEN-T region



3rd Stage – Continuous review of requirement to introduce similar approach to SPT region

Benefits that we expect the new process to bring

