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National Grid ESO
Faraday House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Dear Sirs

Response to Connections Reform Consultation

I am writing on behalf of seven Councils in the North East region (Darlington, Durham, Hartlepool, Middlesbrough, Newcastle, Redcar & Cleveland, Stockton). For the past few years, these Councils have been working together to find a sustainable long-term solution for municipal waste disposal by seeking to develop a major new Energy From Waste facility ("EFW") located at a site in the Tees Valley.

We have previously made representations to the OGEM, NGESO and Northern Power Grid regarding the delays to the timescale for the grid connection for this project due to transmission reinforcement works being implemented by National Grid.

We are therefore very pleased to provide this response to the consultation on connection reforms.

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?*

   Tees Valley ERF broadly agree with the overall initial positions identified for each of the foundational design options and key variations based on the options set out within the consultation documents however we do consider that an element of prioritisation of applications may be beneficial to ensure that future grid connections more fully meet the demands of energy security and decarbonisation of the grid. Any process should allow applications to be submitted as appropriate for their individual development timescales and are evaluated on their own merits however we believe it is appropriate to further consider or prioritise connection applications on their alignment to the principles of energy security, decarbonisation and added value in the event that connections are constrained. This would ensure that projects such as TVERF which provide large volume, baseload, low carbon energy whilst supporting the discharge of statutory responsibilities and creating jobs can be considered outside of a first come first served system in the event that there is a delay on connection capacity.

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?*

   We agree with this view. As set out in our response to question 1 where there is a constraint on capacity there should be a prioritisation of projects which support the strategic principles of energy

security, decarbonisation and added value to ensure that projects taken forward are based on their strategic merits rather than the ability of a company to comply with auction requirements. Auctioning capacity leads to a potential for organisations to produce speculative applications to meet capacity releases which may perversely worsen the current situation.

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?*

   We believe that there should be flexibility within the process to ensure that at any time projects can be prioritised by their ability to support the strategic aims of energy security and decarbonisation of the grid where capacity is constrained. This will inherently require some flexibility to be allowed in how applications are considered to allow for "intelligent" prioritisation of projects to react to local conditions and national priorities.

Pre-Application Stage

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

   We agree that that these options should be progressed irrespective of the preferred TMO. These options provide the potential for applicants to provide comprehensive details regarding their proposed scheme that would allow a prioritisation of applications if required in line with our responses to questions 1 and 2.

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?*

   No Response.

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.*

   No Response.

Key Target Model Add Ons

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

   We broadly agree with the initial recommendations with regard to TMA D, however whilst recognising that requiring planning permissions at this stage may be premature, requiring an outline timeline for obtaining necessary consents (Planning, environmental permits, etc.) which would form the basis of an ongoing monitoring of progress to support TMA F.

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?*

   In principle we agree with the position if waiting for the outcome of the 5 point plan is able provide applicants with more certainty on their connection offer. The important consideration must be to ensure that once connection offers are received they are not exposed to material variations in connection dates.

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

The concept of prioritising projects is agreed, however the criteria set out are open to interpretation and could be better defined in relation to stated goals of energy security and decarbonisation of grid in addition to those set out. Having defined evaluation criteria and weightings would provide clarity of prioritisation if this is required.

In addition energy from waste facilities are identified as “Best Available Technology” (BAT) for the management of residual waste according to the environment agencies environmental permitting requirements. They are required to remove waste from environmentally damaging disposal routes such as landfill. These facilities produce electricity as a by-product of the management of wastes and the discharge of statutory duties therefore consideration should be given to a formal mechanism that would recognise this within TMA F.

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

    We believe that PQM should be retained however it implementation should be undertaken against the criteria discussed within the response already, whilst it does expose projects to a commercial risk this already exists with the delays created by the modification application process. The counter to this is that removing the potential for prioritisation within queue management removes the ability for strategically important projects (either nationally or locally) to be delivered. As long as there is clarity in the criteria and their evaluation to be used for the assessment then the process should be robust. To avoid the theoretical scenario where developments are constantly pushed down the queue there may be a requirement for application date to form a part of the evaluation framework for the options to limit the potential.

Target Model Options

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

    No Response.

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?*

    The 12 month application within TMO 4 would be more acceptable at a shorter timeframe. The window approach will potentially generate peaks and troughs in ESO workload as there will be no incentive to apply earlier in the window. 12 months delay also potentially generates issues for development timelines.
    As described in our response to Q.10 we believe that there may be a benefit to the use of PQM within the TMOs.

13. *Are there any important TMOs we have missed?*

    A TMO which allocates projects into multiple tracks based on the assessment at gate 1 of an applications merits against fixed criteria may provide the ability to accelerate strategically important projects ahead of a less strategically important projects within a second track that follows a FCFS approach.

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?*

    The submission of consents is appropriate for Gate 2 IF there will be ongoing monitoring of the progression of the applications after the gate 2 stage with queue management to reflect the delivery of the project in line with the plan. This would allow connection dates to be moved (or rejected) to account for project delay such as delay in achieving (or failure to achieve) necessary consents. If this ongoing monitoring does not exist then a later Gate may be more appropriate as long as the risk of connection date extension is mitigated.

Recommended TMO

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

    No Response.

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

    No Response.

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

    No Response.

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 mentioned in our response to Q 13 a TMO that allocates projects into different development streams may allow for an element of PQM to support the development of strategically important applications whilst mitigating the risk of continuous delays to other projects. Otherwise we believe our other points raised could be addressed as refinements within the overarching structure of TMO 4.

Key Customer and Technology Type Adjustments

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

    The delivery of this approach through an additional step of the DNO identifying impact at a GSP before submitting an application into the TMO 4 approach has the potential to significantly impact the receipt of accurate connection dates for projects connecting through DNOs.

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?*

    No Response.

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

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)?

The system needs to be able to provide robust connection date estimates to all EG irrespective of the route through which they apply for connection. The DNO application route has the potential to produce a 3 step process penalising those EGs using this route and as such may result in them moving away from the DNO route further increasing the administrative burden on NG.

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?*

    No Response.

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

    No Response.

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

    No Response.

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

    No Response.

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?*

    No Response.

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?*

    Under TMA N ESO should retain the ability to reject modifications (or applications) or delay connection dates if they demonstrate an inability to achieve their stated delivery schedules to avoid the potential for blocking more achievable developments.

Detailed Design, Implementation and Transitional Arrangements

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

    We agree with the views regarding the implementation of the preferred TMO. However, **whilst we understand that there has to be a start point for the introduction of these proposals it is not clear how they would interface with existing applications and in particular whether the proposals for prioritisation of applications would allow applications under this regime to be prioritised above existing applications. If this would allow prioritisation over existing applications that would appear to be unreasonable without allowing them to submit comparable supporting information to ensure that prioritisation is undertaken equitably. If it does not then the proposals are unlikely to achieve significant benefit within a reasonable timeframe given the delays to existing connection offers resulting from the Modification Application process already present in the system.**

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 views set out on the transitional arrangements and given the strain upon the application process and the delays to connection dates being seen the measures need to be implemented as soon as is practicable, however this should consider the interface with existing applications as considered in our response to Q 28.

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?*

    These proposals address the ability to accurately assess future applications however there remains a significant issue with existing applications that will not progress blocking

capacity. All parties should be looking as the first priority to release the full potential of the existing grid capacity through the removal of non-progressing projects (either voluntarily or through screening) and the realistic assessment of capacity demands of projects either from the variability of renewable generation or through projects not making full use of secured capacity.

The TEC amnesty has released some capacity but there appears to be no reason to revert to the original position, applicants should not feel constrained in releasing capacity on projects that for whatever reason may not be progressing to avoid artificial inflation of generation potential.

We hope that this is helpful in informing the next stage of your work. I would be happy to speak to you on behalf of the seven Councils if such a discussion would help inform your decision making.

Yours faithfully

Denise McGuckin
Chief Executive, Hartlepool Borough Council and Chair of Project Board