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08 August 2023

Dear Connections Reform Team,

Response to Connections Reform Consultation

Scottish Renewables is the voice of Scotland's renewable energy industry. The sectors we represent deliver investment, jobs and social benefits and reduce the carbon emissions which cause climate change. Our 330-plus members work across all renewable energy technologies, in Scotland, the UK, Europe and around the world. In representing them, we aim to lead and inform the debate on how the growth of renewable energy can help sustainably heat and power Scotland's homes and businesses.

Scottish Renewables welcomes the opportunity to respond to National Grid Electricity System Operators (NGESO) Connections Reform Consultation. This consultation as a whole is welcome and represents a very thorough piece of work, presenting a broad range of proposals and initiatives to address the industry's challenges to improve the connection process and help deliver a decarbonised electricity system.

The speed at which renewable energy generation projects can connect to the electricity network is one of the key barriers to net-zero, we believe that anything which helps expedite that process is welcome. Scottish Renewables has argued that a fair and proportionate method of dealing with the growing number of projects in the connection queue has been needed for some time, but it is essential that decisions on moving or removing projects are made with the best evidence available to avoid unintended consequences.

Broadly we believe that the recommendations in this consultation are positive and welcome but need to be supported by reform within the NGESO and network companies to provide more resources, better services and much more transparent information and data particularly to facilitate pre-application project development.

Several positive initiatives are not immediately being brought forward and we believe that establishing the Connections Strategic Change and Impacts to CUSC (CISG) Subgroup is necessary. It presents a valuable opportunity to maintain the pace and breadth of change required to deliver on the consultation findings.

Scottish Renewables would be keen to engage further with this agenda and would be happy to discuss our response in more detail.

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Yours sincerely,

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Chapter3 – 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?

Scottish Renewables welcome the detailed breakdown of each option as well as the processes followed to reach decisions on each foundational design option. We agree with the ESO decision on the foundational design options as set out in the consultation document.

This reform of the Connections process has primarily been driven by NGESO in response to the significant increase in the volume of connection applications, but also its need to address the long Connection Dates for low carbon developments necessary to meet net zero. For the avoidance of doubt, it is vital that this work does not detract from or lessen the need for investment in network capacity at pace and volume. This network investment is necessary irrespective of the eventual Connections process model.

We believe there is much more detailed work required to understand how the proposed model would and could work in practice.

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 believe the ESO should focus on addressing the current issues with the connections process before considering capacity auctions. However, the issues with the current queue are severe and getting worse. For the connections reform proposed in this consultation to be successful, it is essential to take decisive action to address the current connections queue. Without this action, even a well-designed reformed process will not be able to achieve the goals of this consultation. Connections will continue to be a significant obstacle to achieving net-zero by 2050 and decarbonising the energy system by 2035. Scottish Renewables is willing to help our members work with the ESO, Government, and Ofgem to develop a process to tackle the current issues in the connections queue.

We agree that there is significant scope for positive change to the Connections process through interventions that are at the less radical end of the spectrum, for example:

- Better and more active Queue Management;
- Much greater transparency of information to enable project developers to develop better projects and have better visibility of the risks and interactions to manage those projects more effectively; and

Whilst we are not opposed to more radical change, possibly including aspects of central planning to support, for example, emerging technologies such as Carbon Capture and Storage or the specific locational needs of the system, we agree that this would need to be managed and coordinated through a holistically-consistent reform that very carefully supported and appropriately reflected the parties that have acted in good faith under the framework up until that point.

Further, the work to support (or otherwise) more radical changes, including the auctioning of capacity, has not been done as part of this Connections reform. Changes of this nature would require extensive analysis and widescale engagement and consideration by all stakeholders to determine the value and manage the potential risks. It is important that stakeholders do not just see the potential upside of such proposals (i.e. access to network capacity in the nearer term) but understand the potentially significant risks and key trade-offs that come with such an approach, not least reduced certainty and confidence in project revenues over a project's lifetime and the shift away from NGESO's current approach to managing constraints.

Auctions will only be effective in revealing what system users will be willing to pay for transmission capacity and would not offer a useful signal as to whether the connections process enables delivery of decarbonisation targets.

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 agree that the connections process must be fit to enable changes to the deployment approach – whether market based or centralised. In particular, the connections process should inform and be informed by the upcoming Centralised Strategic Network Plan (CSNP) process to facilitate holistic and strategic network planning. That said, given the extent to which FSO or any other central stakeholder is remote from the economics of renewable generation and flexibility projects, we struggle to see how centralised deployment of connections would best enable delivery of decarbonisation targets

However, whilst we agree that a reformed connections process should facilitate any future changes in market arrangements, we would like to reiterate our concerns with any potential move towards Locational Marginal Pricing. Scottish Renewables position is that the scale of benefits from introducing nodal or zonal markets may be relatively modest, at least when compared to an enhanced status quo, and is unlikely to outweigh the costs resulting from the risks and challenges.

The impacts of locational pricing on the cost of capital and investor confidence should be a fundamental consideration. There is a serious risk of an investment hiatus in new renewable generation which would jeopardise the UK's legally binding net-zero targets. Developer certainty is needed to mitigate the risks that a higher cost of capital, which could increase the costs to consumers and delay new generation. If it is not possible to provide this certainty, then generators should not be exposed to unpredictable LMP price signals because they would have no realistic way of either responding to the signal or managing the price risk. There is limited evidence that LMP would significantly affect the siting decisions for both generators and demand side end-users for electricity. Factors such as wind resource, planning regulations, seabed leasing, and grid connection are much stronger siting signals than price.

LMP also creates a postcode lottery for consumer prices. Scotland, Northern England, Northern Wales will likely have much cheaper prices than most of the UK. Areas located near a node in proximity to a large gas or coal plant will, by contrast, face massive price increases. The unequal distribution of prices undermines the principles of a just transition – a fact that is further exacerbated by the absence of democratic processes in the current push for LMP. Furthermore, a LMP could feature high levels of curtailment costs which would be passed on to consumers and generators.

We agree that it is not the role of NGESO to develop a Connections process that influences the outcome of wider policy and market reform work.

However, in presenting models that could be ‘tweaked’ to facilitate multiple eventual scenarios and setting out these ‘tweaks’ in the form of Target Model Add-ons (TMAs), we believe NGESO has presented models that have such a broad potential reach and range of outcomes, that stakeholders cannot validate or understand the implications and impacts in response to this consultation.

Therefore, whilst we commend NGESO on seeking to develop an enduring Connections process at this time, we believe it is key that the enabling provisions to accommodate the potential outputs of wider policy and market reform (including REMA) are revisited and enabled at the appropriate point in the future rather than now to avoid creating a process full of uncertainties and inherent risk.

Chapter 4: 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 with the ESO's recommendation. Provided the fee is a sensible balance of cost reflectivity and commitment to the process without presenting a barrier to effective competition.

The TMAs in respect of the Pre-Application stage are of fundamental importance to enabling developers to design and locate a connection site. NGESO need to recognise that lack of strategic data to inform project development, and the rigidity of the current connection process, hinders essential and valuable optioneering that is necessary to achieve a sustainable connection. The consequence of these short-comings are multiple applications and mod-apps post application as the only means to optimise connection design.

It is critical that developers seeking to get a connection can access high quality data as early as possible to help inform their application, as this will improve the quality of applications and reduce the risk of developers submitting multiple speculative applications as a means to get the best connection date for a project.

The NGESO must take ownership and responsibility to lead these changes, and this will require more collaboration with other network companies, staff, resources and skills.

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 support the ESO's initial recommendation.

However, whether this should be an enduring payment structure, we are less certain and, as such, we believe any changes in this area should be kept under review.

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?

We agree with the importance of TMA A – please also refer to our response to question 4. We fully support better transparency and access to information to ensure all parties are better able to assess their projects and the associated risks. We believe this is consistent with the recommendations of the Energy Data Taskforce.

It is important that the ESO provides more detail as to what data will be available as currently the TMA is not clear as to what data will be available, when it will be available, how regularly it will be updated and how it will be accessed.

An example of a useful piece of data that would help inform prospective projects is a 'connections heat map' showing where constraints on the system are at their worst and where the system is less constrained.

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 with the ESO's recommendation.

We also believe there would be merit in NGESO better defining and standardising the form of the Letter of Authority (LoA) (or equivalent) that would be required to meet a competent application.

The proposed new connections process set out in this consultation will introduce several new processes that will be resource intensive and without proper resourcing and sharp incentives for delivery within clear and reasonable timelines, the new process will not be an enabler but a blocker for net-zero.

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 do not agree with this recommendation. At the time of writing there is insufficient detail on the CPA aspect of the 5 point plan in order to form a view.

We welcome all measures to help bring about acceleration of new transmission infrastructure but such is the extent of historical underinvestment in this area that any acceleration is enabling catch up relative to the need of new grid to integrate contracted new renewables rather than being "Anticipatory". It is our view that a scenario of transmission infrastructure actually being progressed in anticipation of new generation is some way off in the future. Considering this compelling need for acceleration of transmission investment, we think that it should be enabled in any reformed connection process.

We reiterate our belief that there should be strong links between the connections process and the Centralised Strategic Network Plan (CSNP), to enable investment ahead of need and speed up the end-to-end grid development process.

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

Scottish Renewables agree in principle that 'priority' projects should be able to get accelerated within the connections process.

F1: more detail is required before we would be able to give a view, particularly how this would interact with the CSNP and planning regime.

F2: we would require the ESO to provide clearer evidence of the criteria used to determine critical operability assets. We would suggest net-zero considerations be central to this determination process given the FSO's legally binding obligations to deliver the UKs net-zero targets. The net-zero impact could also be employed as a criteria in the RQM+ process, although this would require transparent and quantifiable benchmarks.

F3: please refer to Q10

F4: please refer to Q2

The challenge with Gates

Three out of four of NGESO's proposed models include a second Gate that would automatically enable projects to be accelerated once they reach a certain stage in their development (plus give scope for designated 'priority' projects to be accelerated should this be required). Whilst we are not opposed to this in principle, it is difficult to envisage such a Gate that is effective in its design.

Any Gate, where reaching it results in some sort of benefit for the project developer, i.e. the allocation of a Queue position and/or the assignment of a more accurate Connection Date, creates an arbitrary 'race' for project developers to reach that point in the process as soon as possible.

The earlier that Gate is in a project's development timeline, the less likely it is to be a realistic indicator of how 'ready' or how quick that project will progress to connection. Further, if reached too easily or too early, a Gate is unlikely to effectively determine those projects that will develop and require connection quicker and, as such, is unlikely to prevent the current challenge where faster progressing projects can become 'stuck' behind slower projects; it just shifts the existing fixed point in the process. NGESO's consultation proposes that this point becomes the submission of planning consent. We suspect that this is too early an indicator of project 'readiness' and will have very little impact in terms of better 'stacking' and 'unblocking' projects in the Queue.

In contrast, if a Gate is later in a project's development timeline, there is a risk that the 'benefits' of reaching that Gate, i.e. the allocation of its Queue position and/or confirmation of its Connection Date, are known too late in the project's development cycle to facilitate efficient planning and contract management. Further, if too difficult or too late, it is likely that such a Gate will require project developers to take on too much cost and risk prior to reaching it.

Other priority projects

Whilst recognising that there may be political will or desire to accelerate specific projects at some point in the future, be that on locational or technology grounds, we agree that this (and TMAs F1 and F2) is a decision for DESNZ and not something to be taken forward as part of this current NGESO consultation.

Outside of a decision from DESNZ or the Gate criteria set out above, we do not support further provisions to accelerate 'ready to progress' projects (namely TMAs F3 and F4). Basing acceleration criteria solely on a project's readiness to connect or its ability to pay, runs the risk of being very short-sighted and inadvertently rebalancing the technology mix. We do not believe proposals of this nature are commensurate with driving the required Grid system architecture and a secure and sustainable net-zero energy transition.

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

We agree that reactive queue management plus (RQM+) is the most sensible option regarding TMA G. However, to fully endorse this model we would require greater detail around TMA F as highlighted in our response to Q9.

We note that queue management is currently under consideration by Ofgem as CUSC mod CMP376 – we urge that there is a swift decision from the regulator as the connections queue is continuing to grow exponentially and action is needed to address it as soon as possible.

Please also refer to our answer on Q2 – we are happy to support engagement with industry on queue management.

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 welcome the detail with which the ESO has laid out its target model options (TMOs).

We are happy that the four TMOs presented represent a reasonable range of options for consideration.

It is important for the ESO to acknowledge the resources and skills needed to support the new connections for a decarbonised electricity system. The pace of change must be faster, and reforms will not be effective if network companies fail to fulfil their obligations. Collaboration, resources, skills, transparency, and provision of necessary network data and information are crucial for the success of these reforms and to achieve their potential benefits.

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?

None of the proposed models fully address applicants' need for early certainty on when their Connection will be delivered and the costs of doing so. Under all models, developers remain exposed to the risk of TO delays or changes to meet the TO's statutory obligations or secure its necessary funding (albeit recognising that coordinated network design should help to counter this). To aid with this, as a minimum, we believe it is key that NGESO moves quickly to follow the recommendations of the Energy Data Taskforce and provide much greater information transparency relating to connections to all users. This will better allow applicants to assess and manage their project risk.

13. Are there any important TMOs we have missed?

No. However, one of the biggest challenges with what has been presented to date is clarity of the details on how this would work in practice. The consultation (understandably) leaves a lot of detail to be worked through with stakeholders and agreed. It is vital that all parties are involved in this and reserve the right to moderate their support for the proposed reform until the practical implementation is explored (and confirmed) in more detail.

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 believe that there is a possibility that there could be value in the second Gate being later in the process e.g., at the achievement of consent.

However, this would only be a favourable option should the ESO, TOs, Ofgem and Government rapidly and significantly expand their commitment to investment ahead of need on the grid beyond the current 'ASTI' protocols to encompass all aspects of grid development.

We understand that Gate 2 is where the TO will start to develop final connection design. CRU (Irish regulator) recently published a call for evidence on Ireland's Connection Policy which has been criticised for using Planning Consent as a pre-requisite for connection applications. The main concern with the current connection policy in Ireland is that the grid application process commences after project planning consent which results in lengthy timelines from development to energisation of projects (please see answer to question 9). We understand that the broad structure of the TMO4 approach should avoid that outcome by allowing projects to commence the grid application process much earlier but with appropriate project integrity criteria set to deter speculative applications.

Regarding the definition of TMO4 as proposed in the Consultation, we suggest that it would be worth further consideration of Planning Consent as the Gate 2 milestone. This is because it would help to ensure that NGESO/TO resources are targeted on the connection of shovel ready project. However, this should only be the case if the ESO / TOs can provide confidence that preliminary work will start on the connection prior to Gate 2.

The new CMP 376 milestones (once implemented) will provide clear project development milestones which we believe could be used by TOs as an early signal of commitment to justify early phase studies. It NGESO and the TOs cannot commit to conducting early phase studies triggered by CMP376 milestones then we would support the NGESO proposal of the Gate 2 milestone being submission of an application for planning consent.

'Submitting consent' is misleading and can more accurately be described as submitting planning application. We believe that this warrants further consideration and debate with the market, Ofgem and TOs.

Chapter 7: Recommended TMO

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

Incentives for delivery

We provisionally agree that TMO4 should be the preferred TMO.

However, this is contingent on there being sharp incentives for delivery.

The new process introduces additional work for the ESO by adding a second Gate, as well as the introduction of the application window being a potential bottleneck which could lead to large amounts of administrative work being required all at one point in the calendar.

Should the process not run to the timelines set out by the ESO, there is a significant risk of a cumulative buildup of applications overwhelming the system.

As such we are calling for sharp incentives for the ESO to properly resource the connections process as well as to deliver within clear timelines.

Our support for TMO4 is based on putting in place a process that enables upfront coordinated network design and (as early as possible) certainty for project developers that the network related works to deliver their project's connection have been subject to full and proper network assessment that allows the TO the best opportunity to plan, prioritise and progress these works commensurate with delivering against the Connection Offer.

More frequent than annual

We can see how a fixed recurring Window permits the undertaking of efficient holistic design and that window would be more efficiently applied at Gate 1 rather than Gate 2, when a project needs to be considered on its individual merits given its progress through its own development cycle. We think that a 12 monthly Gate 1 connection application window is too infrequent and that NGESO should consider application of a 9 monthly window with the ultimate objective of increasing frequency to 6 monthly once the process has been properly established.

Dynamic queue

We note that there is no queue management within application windows at Gate 1 under TMO4. Given the early stage nature of development of such projects, we think this is fine. However, with regard to Stage 2 projects, our understanding of the TMO4 process is that it will allow for dynamic queue management only when all developers within a connection window batch keep their long stop date for connection. We are concerned that this inflexible approach to queue management could lead to unnecessary delays and non-cost reflective connection charges. This will give rise to circumstances where shovel ready projects may be able to energise sooner than others ahead of them in the queue, but because those in front were from an earlier application window and their long stop date cannot be moved, these shovel ready projects would be delayed or paying for network upgrades justified on

grounds of projects that are not shovel ready. This perpetuates a flaw in the current state connection process, which affects an existing consented project in our portfolio. We would be delighted to discuss this example with NGESO directly if that would be helpful.

We would also note that the benefits that NGESO has identified for TMO4 (and for the other TMOs) would seem to be based on critical assumptions around implementation and ongoing operation. Key amongst these assumptions is resourcing and operational systems. Without adequate resourcing and suitable operating systems, TMO4 may introduce even more delay and inefficiency than Status Quo. Resourcing needs to be a key feature of the next stage of development of TMO4.

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

We broadly agree with the criteria set out to assess the four TMOs.

However, we see value in additional criteria being used to measure the TMO's ability to deliver a net-zero energy system. We believe there would be real value in NGESO articulating the benefits that it expects this Connections reform to deliver.

It would be helpful if NGESO could set out what it expects the impacts to be for the different impacted parties. This would help to eliminate any confusion or doubts, and make sure that everyone involved understands the expected benefits and effects.

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

We agree that TMO4 represents the TMO most likely to facilitate network design principles, however, this is also contingent on there being a clear interaction and statutory recognition between the connections process, CSNP and the planning regime.

We believe that the interim period between the decision on the new model for connections and implementation represents a significant risk. If the implementation period is too long and the interim actions to get control of the connections queue as it currently stands, then the new process will inherit a system that is already out of control and will not provide any material benefit.

We also have concerns about how the process will be resourced and managed. While TMO4 looks like a positive change on paper, it introduces additional steps and administrative burden to the ESO, as well as mandating that all connection applications will be reviewed simultaneously, which creates a natural bottleneck in the process where a large amount of work will be required to clear. Should the process not be properly resourced and miss the six-to-nine-month timelines set

by the ESO and offers not to be given for one tranche of applicants ahead of the next application window, we could see a ‘snowballing’ effect where large numbers of connections would be added on to an already overburdened system.

It is our understanding that In the Spanish market, the introduction of milestones to the connections process has created a large additional administrative burden on statutory bodies, which has resulted in delays.

As such we believe it is vital that the ESO is provided with adequate resources to manage the new process alongside sharp incentives for delivery including clear timelines and significant penalty for missing deadlines within the process.

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?

We believe TMO4 is the preferred TMO. We believe that having application windows will also help with grid planning.

Support for TMO4 is dependent on the importance of coordinated network design at the beginning of the project. To effectively address current connection issues, investing in network capacity at a quick pace and large scale is crucial. We suggest that TMO4 should improve investment opportunities by providing more feasible Connection Offers for both networks and project developers.

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?

We agree that whatever TMO is eventually adopted, it should be capable of being applied consistently to all parties where their connection triggers a need for additional network reinforcement at Transmission level.

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?

We believe a more effective and consistent approach across all requesters of Transmission capacity is to design the process around two Application Windows per annum. Whilst we accept that this creates more of a continuum of applications for NGESO, we believe this allows for a 'smoother' process that better meets the balance between NGESO's (and network operators') needs and those of project developers. Further, we believe this negates the need for potentially complex inter-Window mechanisms (as proposed through the provision for Reserved Developer Capacity (RDC)) to better accommodate connections at a Distribution level.

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 which impacts on or uses 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 inter-window; 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)?

We believe introducing a process that allows DNOs to apply to NGESO for Transmission capacity is far from straightforward and may introduce inefficiencies and perverse drivers/outcomes. We believe a better (and more equitable to all requesters of Transmission capacity) solution would be to design the new connections process around two Application Windows per annum, which DNOs (as 'agents' for other applicants connecting at Distribution) could use alongside all other applicants.

<u>Directly Connected Demand</u>

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 comment.

Offshore

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

We agree with this view.

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

We agree that TMO4 is the most aligned with the direction of travel for offshore projects. However, as proposed by NGESO, TMO4 allocates a Queue position at the point when planning consent is submitted. This is different from the offshore approach.

The scale of Offshore connections does present a particular challenge and the proposal to better align these for future seabed leasing rounds is a positive consideration. However, an integrated network design is essential so a single and co-ordinated connection process for both onshore and offshore is required.

There needs to be a process for offshore that allows the TEC to be reserved for the whole leasing round, the grid planned early and onshore works started early. This will reduce a huge burden on the ESO and speed up the connections process for offshore wind. We shouldn't have smaller technologies queue managed in front of offshore because their planning is earlier to obtain.

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

Given that the Offshore Transmission Network Review's 'enduring regime' is yet to be developed and consulted upon, it will be important to ensure that any proposals arising from that consultation can work alongside the enduring connections process set out in this Connection reform consultation. Any proposals to potentially allocate grid connections as part of seabed leasing should ensure that this allocation provides the required certainty for developers to bid in a CfD round and, therefore, capacity and Connection Dates allocated at this early stage should be final rather than a 'backstop' provision.

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?

We agree that TMO4 is most aligned with network competition and that as this is planned by Ofgem it is important that the preferred TMO is compatible with competition models.

However, we are mindful that Network Competition can be considered a contributor to Connection delays and believe that the potential delays caused by running a competitive tender and barriers to large scale procurement introduced by a competition model mean that it may not be an appropriate model in the current context.

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	TMA Title	Scottish Renewables Response
H	Structure and value of application fee	Fees depend on the fee level, difficult to comment.
I	Criteria for ESO to reject an application	Difficult to comment. We think for ESO rejection approach – the eligibility should deal with this. If there is a lot of projects in the same place this should trigger a needs case and accelerate the required grid works, if these are rejected outright, we will have areas with no grid.
J	Optionality provided in an Offer	We agree that this option should continue to be available to those that want it (and pay for it). However, we agree that, for this to be manageable, the core focus should be on the provision of a single offer. This does seem sensible as many offers will be reliant on each other.
K	Capacity products in an Offer	We fully support steps to better define products on offer. However, this must be done in accordance with due and proper process. Wary of traded products, this could lead to even more speculation, defining ‘non-firm’ could be useful.

L	Requirements to accept an Offer	We believe there should be additional requirements that applicants have to meet to accept an Offer, but these differ from the TMAs proposed in the consultation. In this response, we propose that applicant's acceptance of their (first) full Offer should be contingent on the submission of evidence that they have met Milestone 3 of Queue Management (CMP376) proposals (i.e. procurement of land rights).
M	Timeframe for updating contracts	As set out in our response, we believe Gate 2 should act as a trigger for potential advancement. Any projects able to take up the opportunity of advancement should have their contracts updated at this point. We suspect more frequent contract review outside of this process is likely to be unduly resource-intensive for all concerned. However, if NGESO was to propose an alternative design to deliver a party's connection, we would expect that party to be notified and their contract updated ASAP.
N	Criteria for ESO to reject a modification	We are minded to support NGESO's proposal to formalise guidance on acceptable changes. This should be subject to stakeholder engagement on the requisite detail to ensure that it is appropriately balanced.
O	Secondary process for a defined changes to a connection	We are minded to agree that this is revisited once there is more clarity on the detail of the proposed reform and emerging model. Only at this stage will all parties be able to fully assess and understand the implications of any Connection Offer changes going through the reformed process or a further secondary process yet to be defined.
P	Dual track process for priority projects	We are minded to agree that all projects should have to follow the same process in order to ensure a level playing field (and protect NGESO from unduly discriminating between projects). However, if appropriate, we would suggest that this could be revisited once there is more clarity on the proposed reform and what is in scope of the definition of 'priority' projects.
Q	Financial recompense for	We are minded to agree with the recommendation set out by NGESO. However, it is important that the risks and

	contract changes triggered by ESO or TO	challenges borne by project developers in bringing projects to market are not overlooked in this reform process. Developers of low carbon projects will be key to meeting net zero targets and driving the energy transition. It is key that the regulatory and market frameworks that impact these projects recognise these risks and seek to provide as much certainty as possible to foster investor confidence; especially as we see the opportunities for investors increasingly being considered in the context of wider, global, opportunities. The price contract incentives seem sensible, these work well for ASTI.
R	Management of underused capacity	We do not believe the proposals under TMA R are practicable. We consider parties' needs and requirements for TEC to be so varied, that to introduce a UIOLI mechanism that would target all parties appropriately would be impossible. Further, we believe there are other, better ways of ensuring capacity is made available, including creating more attractive capacity products, enhancing the existing TEC trading tools and Active Queue Management.
S	Dispute process	We are minded to support this.

We generally agree with these initial recommendations. In respect of TMAs we particularly support review of User Commitment and we propose that this review should not be confined for changes required to align with reformed connection process. We think that status quo does not accurately reflect the sharing of actual risk of stranded investment in transmission infrastructure and is a potential barrier to effective competition in electricity generation.

Chapter 10: Detailed Design, Implementation and Transitional Arrangements

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

We welcome NGESO's recognition of the importance of stakeholder input and challenge in designing and implementing Connection reform and, where the case (along with the requisite details) for reform is clear, we agree that every effort should be made to implement these changes as soon as possible. We also believe there are significant challenges associated with the implementation period.

It is important that the interim actions undertaken on connections such as the ESO's 5-point plan, ENA's 3-point plan and CMP376 deliver the mitigations required to get the current connections queue under control, so the new process inherits a queue that is manageable and will be able to reflect the new connections principles.

Scottish Renewables and its members are ready to work with the ESO, TOs, Ofgem and Government to tackle the current connections queue, particularly around effective implementation of CMP376.

29. What are your views on how and when we should transition to TMO4?

Scottish Renewables strongly support action under CMP376 and are ready to facilitate discussion and engagement with industry to enable a fair and effective implementation. This new tool is welcome and helpful in managing the queue and can help to eliminate stagnant 'zombie projects', freeing up vital capacity. However, it does not tackle the issue of how projects with existing Connection Offers might be impacted. Clarity on this level of detail is key to giving project investors greater certainty over the potential impact of this Connection reform work.

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?

- **Transmission Delivery** – speeding up transmission delivery solves the physical problems that lead to a long connections queue by adding more capacity to the system. Currently new transmission lines are taking 8-12 years to deliver, which is not fast enough to provide new network capacity in time. Ofgem's ASTI programme has been a welcome change in approach and should be seen as the basis for a lasting regulatory process.
- **Holistic Network Design (HND)** – the HND was supposed to identify and accelerate the delivery of a more coordinated offshore transmission network, and associated onshore works. Delivery of the HND and follow-up exercise will also ensure that the UK meets its target of 50GW offshore wind by 2030, as well as taking a lot of capacity out of the queue and on to the grid. However, developers are still waiting for updated connection offers and in the HND Follow-up exercise Celtic Sea developers are still waiting to see initial designs, while progress in the ScotWind projects has been subject to delay. There is also a role for Ofgem and industry to help develop a framework for offshore coordination and Anticipatory Investment (AI).
- **Investment ahead of need** – the government's draft Strategy and Policy Statement

(SPS) calls for the Future System Operator (FSO) to produce a Centralised Strategic Network Plan (CSNP) that will facilitate network investment delivered ahead of need. The SPS also supports greater coordination of government's, Ofgem's and the ESO's (and FSO's) efforts; this is something that we have seen more of recently, for example in the delivery of the ASTI framework, and this is a welcome development. For this to work in practice, there must be clear indications from both government and Ofgem that this investment will not be disallowed at a later point. By having grid capacity ready ahead of time, renewable energy projects will be able to plug in immediately rather than having to wait for new infrastructure to be built in order to connect. While technically there is currently room within their licences for the TOs to deliver ahead of need, in practice the risk of cost disallowances means they are unable to work at risk. As such Ofgem should be clearer as to how they will facilitate investment ahead of need.

- **Ofgem remit reform** – Scottish Renewables have welcomed the upcoming change to Ofgem's remit to include net zero as part of the current Energy Bill. We believe that this was a much-needed change, as the update of Ofgem's legal remit to include net-zero will effectively support the required development of the grid ahead of demand, benefit regulatory decisions for renewable deployment, and provide the UK with a more flexible decision-making regulatory environment aligned with government priorities. Ofgem should give thought as to how this additional area of focus can be used as a statutory enabler to deliver a decarbonised network, as well as a focus on system wide and longer-term benefits, beyond short term costs. A new approach to regulatory approvals, based on regulation for net zero, could positively contribute to all of the issues that cause long delays to connections. We are continuing to engage with Ofgem through the Future Systems for Network Regulation (FSNR) process to share the industry view.
- **Connections Action Plan** – Government has indicated that they are planning to release a joint Government and Ofgem 'connections action plan' at the end of the summer. We believe both Government and Ofgem have a key and central role to play in Connections Reform, acting in the interests of all stakeholders and balancing the outputs from this reform with the wider industry reforms also at play. This should focus on the interactions between the different bodies involved in the connections process and ensuring that they give the connections process proper weighting within the network planning and regulatory approvals process so as not to duplicate work for applicants.
- **Distribution Network Reform** – the Electricity Networks Association (ENA) has introduced a 3-point plan aimed at helping manage the connections queue at the distribution level. It is vital that the queue is addressed at both transmission and distribution level and the Distribution Network Operators (DNOs) must participate fully in the connections reform process.

We would like to emphasise the significance of Ofgem in ensuring that any necessary changes resulting from this reform are carried out through appropriate industry procedures. It is crucial that

parties do not mistakenly believe that the current processes are inadequate or incapable of adapting quickly to the required details of this reform.