

Dear Code Administrator

The aim of this letter is to provide you with a consolidated response from our Strategic Connections Group (SCG) members with respect to feedback around the proposals for GC0117 'Improving transparency and consistency of access arrangements across GB by the creation of a pan-GB commonality of Power Stations requirements'.

We are aware that the proposal which is planned to be voted on and then consulted upon is for future Power Stations across GB is to define Large Power Stations as 10MW and above and Small Power Stations as less than 10MW. There would be no concept of Medium Power Stations. This proposal is non-retrospective and would be expected to apply from 2027 when the appropriate NGENO IT systems have been upgraded.

For background, the Strategic Connections Group (SCG) are implementing 'quick win' changes to the connection process for customers seeking connection to the distribution networks in three priority areas, which mirror those being carried out by the ESO and transmission network operators at the transmission level of the power system:

- Reforming the distribution network connections queue
- Changing how Transmission & Distribution coordinate connections
- Greater flexibility for storage customers connecting into the distribution network

These works are being delivered as a collaboration between distribution and transmission companies, and compliment the work being done under the ESOs 5-point plan and Connections Reform initiatives. It is the work being conducted under the second of these workstreams that has prompted the need for us to document some of the challenges that we perceive will arise from the implementation of GC0117 unless first addressed.

The areas that we have identified for feedback are as follows.

1. The 'Changing how Transmission & Distribution coordinate connections' workstream has developed a new methodology that currently allows DER >1MW and <100MW, currently unable to connect ahead of long term transmission network reinforcements, to access non-firm arrangements against a set of pre-defined 'Technical Limits' at the distribution / transmission interfaces across GB. This solution employs both DNOs Active Network Management Systems (ANM) and an ESO Visibility & Control solution. This work is in its first phase and is already providing the ability for c.30GW of DER capacity to accelerate their connections. Future Phases over 2024/25 will continue to unlock more capacity, with estimates currently in the region of a further 50GW. The mandate for the group is to continue to evolve the current methodology to further optimise existing network capacity across the electricity system and create an enduring product.

The working group is also in parallel developing the Reserved Developer Capacity (RDC) element of the Connections Reform proposal. The aim of this proposal will be to further facilitate the connection of DER through both firm and non-firm mechanisms on a 'first ready first connect' basis, where applicable. As such the Technical Limits methodology will be an intrinsic part of the connection's toolkit.

The perceived issue: The Technical Limits approach has excluded Large BEGAs from participating due to the nature of their connection arrangements and compliance requirements related to Grid Code and the Balancing Mechanism. The use of ANM is deemed as inappropriate for this type of customer.

The concern, therefore, going forward would be that the impact from the use of this solution would be curtailed as the group of DER eligible would diminish. At this stage of development in the RDC we are also concerned as to how this may affect the agility of the process and the ability to accelerate connections. The accessibility for customers to ANM options has been a huge success story in allowing faster and cheaper access to distribution networks, it has also contributed to lower consumer costs. Diminishing the viability of ANM opportunities could lead to inefficient network developments if not considered appropriately alongside any potential code changes.

2. Queue management and capacity re-allocation. These two areas have been further developed and are also earmarked for future development. The aim as with all of the SCG initiatives is to optimise available capacity and bring forward those projects ready to connect. The Appendix G process is intrinsic to both the Technical Limits work and the re-allocation of recovered capacity. Both of these mechanism in tandem with Queue Management have been designed to leverage the maximum agility in utilising available network capacity, as in the main these remain as DNO activities with ESO oversight.

The perceived issue: As with the previous point, the move to a lower threshold for large generators will create an additional layer of complexity in managing capacity on DNO networks. As we have seen with the SCG work to date, there are inherent complexities in deriving and effectively managing a whole system queue. Whilst it is the ambition of the SCG group to improve this position the status quo for now remains as per this narrative.

3. Primacy is an area which has been discussed at length within the SCG group. The proliferation of ANM schemes across the country has the potential to diminish the effect of market based services when called upon unless governed by an appropriate set of rules. A scope of work is under development within the Open Networks Primacy Group to better understand the impacts over time, the potential solutions and importantly the costs to the consumer of any such solution. Enhanced data exchanges across the transmission and distribution boundary is potentially a more passive option that will be explored alongside others.

The perceived issue: It is important that primacy rules are understood before codifying a solution that will require a level of network access currently not deemed as mandatory for a vast majority of DER customers. If it is assumed by codification that these customers will automatically have primacy this could lead to inefficient and uneconomic outcomes for consumers, and could overlook the opportunity to develop more suitable options.

4. Visibility and Control is a key part of the operational capability that the ESO will need going forward and has been an intrinsic part of the development of the SCG solutions. Indeed, Visibility and Control has been a part of the great work undertaken through Regional Development Programmes across GB for a number of years now. Visibility and Control has multiple guises, but ultimately is either linked to a compensated or non-compensated activity. All DNOs that are participating in the SCG work have a mandate to develop ICCP links between the DNO control

systems and ESO control systems. This will ultimately give the ESO the visibility it needs to better understand DER impacts and support the operation of the transmission system.

The perceived issue: The SCG solutions are currently being complimented with Visibility & Control, which is contractualised in DNO bi-lateral connection agreements (BCAs). It is anticipated at this time that this will be an uncompensated service. Whilst this may not be the enduring position it would create an increasing divide in terms of having a level playing field across the DER portfolio. We also recognise that the move to reduce the threshold of large customers to 10MW gives that wider Visibility & Control needed to more optimally operate the transmission system in a world where we are seeing an increasing level of disaggregation in generation. We are also conscious that this will come at a significant cost to customers in additional infrastructure and new data exchanges. Charging boundaries have recently been reshaped by the Significant Code Review (SCR) work and as such further reduce perceived blockers to connection for some DER. Substantively increasing costs for DER >10MW could adversely impact the benefits that initiatives such as SCR are driving. Notably, the level of Visibility & Control which is now becoming mainstream through the SCG work and RDPs alike can be afforded at a much lower cost by leveraging existing DNO infrastructure and datasets. It will also provide a greater level of Visibility and Control much earlier than the provisioned implementation date for the GC0117 code modification. These approaches have also been designed to better facilitate whole system coordination.

These four points represent the main areas of feedback, noting also that there may well be wider implications beyond just these areas.

The aim of the SCG work and wider ESO reforms is to remove blockers to connections, to better facilitate whole system operability and provide mechanisms to support GBs road to decarbonisation. We would welcome more engagement on the areas that we have provided feedback on ahead of any wider industry consultation. This will ensure that we remain joined up in our approaches to better facilitate efficient and economic networks and avoid any conflicts further down the line.

We look forward to your response and as required would be more than happy to present at any of your upcoming working group sessions.

Kind regards

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