

Workgroup Consultation Response Proforma

CMP434: Implementing Connections Reform

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to cusc.team@nationalgrideso.com by **5pm** on **06 August 2024**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Max Forshaw	
Company name:	Octopus Energy Group	
Email address:	Max Forshaw	
Phone number:	07853009604	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input checked="" type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

(Please mark the relevant box)

☒ **Non-Confidential** (this will be shared with industry and the Panel for further consideration)

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Workgroup, Panel or the industry for further consideration)

For reference the Applicable CUSC (non-charging) Objectives are:

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
- Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
- Promoting efficiency in the implementation and administration of the CUSC arrangements.

*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions								
1	Do you believe that the Original Proposal better facilitates the Applicable Objectives?	Mark the Objectives which you believe the Original solution better facilitates: <table border="1"> <tr> <td>Original</td> <td>XA</td> <td>XB</td> <td>XC</td> <td>XD</td> </tr> </table>		Original	XA	XB	XC	XD
Original	XA	XB	XC	XD				
<p>Overall we are supportive of this proposed solution:</p> <ul style="list-style-type: none"> By reducing the length of the connections queue, projects that are more mature (in terms of land rights and a route to securing consents) are likely to be able to connect more quickly. This is in line with the objective of facilitating effective competition Connecting more renewable generation and storage to the system is likely to contribute to lower electricity costs for customers and meet growing demand, promoting overall cost efficiency of the system. Batch assessment of projects in the 'common network design methodology' is also likely to unlock some cost savings for customers New requirements will be imposed on all project types and is not discriminatory, in line with transmission licence SLC C7 We note that licence obligations around speed of processing connection applications will need to be amended to reflect the new TMO4+ process and maintain objective (a) <p>However:</p> <ul style="list-style-type: none"> We note that most embedded/distribution connected projects are impacted by these proposed changes but the process followed by DNOs is not yet defined. Careful design of a consistent DNO process must be delivered in parallel to avoid unintentional discrimination against embedded projects There is also a significant risk that proposed Gate 2 criteria do not cut down the length of the queue as much as expected/needed for an efficient Net Zero transition. In this case, Gate 2 criteria may need to be updated quickly following the launch of the MVP - this risks forcing developers to commit development expenditure unnecessarily if developers move to buy land rights but still cannot ultimately connect. 								
2	Do you support the proposed implementation approach? (see pages 59-61)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						
<ul style="list-style-type: none"> We welcome the ambition to move at pace to implement these proposals. However, delays to the code modification process for CMP434 suggest that final Ofgem approval will be very close (c.2 weeks) to the 1 January 2025 								

	<p>deadline. This places risk on developers who will have less time to comply with the finalised requirements that may need to be managed</p> <ul style="list-style-type: none"> We also foresee a delivery risk around the volume of associated methodologies and documentation that ESO needs to produce to implement the MVP. This is discussed in our response to Q7 	
3	<p>Do you have any other comments?</p> <p>Click or tap here to enter text.</p>	
4	<p>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</p>	<p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/> No</p>
	<p>Click or tap here to enter text.</p>	

Specific Workgroup Consultation questions

5	<p>Do you agree with the elements of the proposed solution?</p> <p>Element 7 has been de-scoped and Element 10 is proposed to be codified within the STC through modification CM095.</p> <p>Please provide rationale for your answer and any suggestions for improvement to each element?</p>	
	<p>Element 1: Proposed Authority approved methodologies and ESO guidance (see pages 9-10, 55)</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>
	<p>Overall:</p> <ul style="list-style-type: none"> Using ESO guidance and methodologies in general is a sensible approach to allow the connection process to continue to adapt at pace. This is likely to be required, given that the assumed impact of this CMP435/435 will still leave c.350GW of projects in the queue (ESO has previously suggested a 50% reduction in queue length). Further measures to accelerate connections for viable, valuable projects are therefore likely to be required promptly after initial implementation However, as proposed, this modification still relies too heavily on methodologies which have not been drafted yet for market participants to understand the actual impact / risk profile for their projects. Over Reliance on 'non-codified' methodologies/guidance also risks reducing transparency on market processes, which is detrimental for competition and disproportionately impacts smaller developers <p>Governance:</p> <ul style="list-style-type: none"> On governance processes, we agree with the timelines set out for the consultation for changes to methodologies/guidance. More robust dispute resolution process should be built into the update process for the relevant methodologies. Market participants must be able to challenge or inform the design of these critical methodologies. We note that 	

<p>a dispute resolution mechanism exists under the CUSC but ESO should consider whether this process is sufficient to cover a potential increase in disagreements between parties in the connection queue (this also relates to the update and implementation of CMP376).</p> <p>Deliverability:</p> <ul style="list-style-type: none"> Finally, we are concerned about the deliverability of the necessary documentation and methodologies required for the MVP by the proposed implementation date. We note this in question 7 below. 	
<p>Element 2: Introducing an annual application window and two formal gates, which are known as Gate 1 and Gate 2 (i.e. the Primary Process) (see pages 11, 35-36)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<ul style="list-style-type: none"> We agree that issuing Gate 1 offers once per year via the annual window will allow ESO to take a more strategic approach to network planning and design, which is in line with the CUSC objectives. However, there is a risk that ESO still receives large volumes of low credibility connection applications given the low bar on project credibility to clear for a Gate 1 offer. This may make accurate network planning more challenging for ESO in practice. In parallel, developers are unlikely to place much confidence in Gate 1 offers given their lack of guarantees and commitments from ESO/TOs. To help improve information available to developers and reduce developers applying at Gate 1 as a means to obtain information about network capacity, ESO should strive to make as much of the annual application window / Gate 1 process as 'self-serve' as possible, with open data available for developers to understand likely connection timescales and project options throughout the year, not just in Gate 1 offers / via the annual window. We note this falls outside of the scope of these mods, but providing enough confidence for developers to commit to meeting Gate 2 requirements will be crucial for TMO4+ to work well in practice without placing unnecessary risk on project developers ESO also needs to ensure annual timings align with other project allocation processes e.g. CfD allocation, capacity market - particularly where these processes require applying projects to hold a connection agreement in order to bid. This may be particularly relevant for CfD allocation round 7 in 2025 which 	
<p>Element 3: Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<ul style="list-style-type: none"> We note that this process is primarily designed for larger, transmission connected projects and emphasize that a proportionate, clear and consistent process must be designed for embedded projects to avoid perverse incentives The de facto 1MW threshold usually used for 'relevant' small and medium embedded generators is too simplistic and does not reflect whether projects are likely to have a material transmission impact, as per the definition of 	

<p>relevant in the Grid code / CUSC. This threshold must be refined and made more granular based on project configuration and network location (with demand co-located or lower voltage connected generators significantly less likely to impact the transmission network even at >1MW gross generation capacity). Refining this threshold will reduce the amount of projects that need to pass through the Gate 2 process, easing the burden on ESO and accelerating the transition to Net Zero, enabled by DNO/flexibility providers ability to manage network impacts</p> <ul style="list-style-type: none"> • ESO should also clarify the approach for developers of embedded schemes that include both generation and demand capacity. Current proposals suggest that the demand capacity would be processed through an entirely separate connections regime to the generation. 	
<p>Element 4: Significant Modification Applications concept, including the proposed criteria and the proposed level of codification (see pages 12-13, 36-39)</p>	<p>X Yes <input type="checkbox"/> No</p>
<ul style="list-style-type: none"> • We broadly support the principle that significant modifications will require re-application and the supporting guidance on the definition of 'significant' is welcome • However, ESO should ensure that the process enables/promotes modifications which can reduce network impact with the right configuration or access rights (e.g. co-location of demand with generation projects, or storage and generation, and/or reduction in TEC capacity). ESO should publish firm exemptions so developers are clear that they can enhance the system value provided by their projects without being penalised via queue position 	
<p>Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)</p>	<p>X Yes <input type="checkbox"/> No</p>
<ul style="list-style-type: none"> • For embedded project differences, our response on DFTC is provided in Element 17 below and we note the importance of improving the definition of relevant small and medium embedded generation in Element 3 above • For offshore projects, ESO should provide a route for The Crown Estate to be able to reserve grid access capacity in advance of leasing rounds, giving developers more certainty at the bidding stage. This is not necessary for the MVP of TMO4+. 	
<p>Element 6: Setting out the process and criteria in relation to Application Windows and Gate 1, including introducing an offshore Letter of Authority equivalent as a Gate 1 application window entry requirement for offshore projects (see pages 15-16, 39-40)</p>	<p>X Yes <input type="checkbox"/> No</p>
<ul style="list-style-type: none"> • Having an annual window for a Gate 1 offer is acceptable but barriers to information on network capacity should be lowered throughout the year through the publication of open source data wherever possible from the ESO and network companies. 	

<ul style="list-style-type: none"> We note the risk on timeline slippage for the code modification process meaning that the 1 Jan 2025 window is missed. Being able to progress immediately to Gate 2 as part of the annual window submission is welcome ESO's ability to reject Gate 1 applications for re-application next year is likely to face challenge/dispute in practice, given the delays this could introduce for developers. Having an effective dispute resolution process will be important (coupled with potentially increasing window frequency in future) 	
Element 7: Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<ul style="list-style-type: none"> We agree that some form of incentive or deadline may be required to avoid a second queue growing post Gate-1, which makes it harder for the ESO to forecast network requirements (increasing the likelihood of inaccurate Gate 1 offers or inefficient network planning) However, it is unclear what evidence or analysis a 3 year longstop period is based on. A 3 year longstop date may not be appropriate for all technology types (e.g. those with significantly longer development timescales) and would require projects to re-apply for Gate 1, increasing development risk in these cases. ESO should reconsider this arbitrary 3 year period and set clearer guidelines for different categories of project application. Without this, ESO and market participants will be over reliant on ESO discretionary powers to extend the deadline ESO discretionary powers to extend the deadline is another area which is vulnerable to legal challenge 	
Element 9: Project Designation (see pages 17-18, 48-49)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> We agree that projects which provide more system value should get a quicker connection and the NESO designation is currently one of the only mechanisms to achieve this in practice in the proposed reforms. This is because a project's ability to quickly secure land rights and having a clear route to planning approval does not necessarily correlate with value from a whole energy system perspective. As defined, the TMO4+ process risks deprioritising projects which provide significant value but are not able to meet Gate 2 as quickly as other sites. The project designation process can overcome this, but at present there is a risk that the requirements are too loosely defined and vulnerable to legal challenge (N)ESO should ensure that the definition of 'materially reducing system or network constraints' is as explicit as possible; allowing developers to compete to clear this bar and provide maximum value to customers. Without 	

this, the process is exposed to (N)ESO being seen as 'picking winners' without robust/transparent underlying criteria	
Element 10: Connection Point and Capacity Reservation (proposed to not be codified within the CUSC, but is intended to be codified within the STC through modification CM095 – see pages 18-20 and the CM095 Workgroup Consultation , pages 6-10)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Click or tap here to enter text.	
Element 11: Setting out the criteria for demonstrating Gate 2 has been achieved and setting out the obligations imposed once Gate 2 has been achieved (see pages 20-24, 42-46)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> • We are supportive of land rights being required to meet Gate 2, as well as the underlying requirements around red-line boundary and time requirements. • We also support milestone M1 being calculate forwards from the acceptance date, although feasibility of this relies on connection dates being significantly accelerated (otherwise developers • However, we do not expect these initial requirements to fully resolve the connection crisis, reduce the length of the queue to a sufficient level or effectively accelerate those projects that are most needed to deliver a cost efficient zero carbon power system by 2030. We expect that the queue will still be far in excess of what can reasonably be connected and that more will need to be done immediately after TMO4+ implementation (if the current form of TMO4+ is pursued) • ESO / working groups must consider the risk placed on developers if requirements to secure a Gate 2 offer are changed significantly after initial TMO4+ implementation. Changing criteria quickly could expose developers to sunk costs incurred to secure land rights under the reasonable expectation this would be enough to secure an (accelerated) connection date. This risks increasing costs for customers and increasing the likelihood of legal challenge. • Insufficient evidence on expected impact has been provided at this stage for us to evaluate the likely scale of impact from the current proposals • We also note that DNO management of connection agreement milestones is also likely to be impacted by this change but this is an ENA-driven, rather than code-driven process. ESO should ensure responsibility for milestone management and associated timescales is clarified for both Dx and Tx, particularly for planning milestone M3. 	
Element 12: Setting out the general arrangements in relation to Gate 2 (see pages 25-26, 47)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> • On process, we are generally supportive but it is not clear why queue position is best determined by "the time at which Gate 2 criteria is met by 	

<p>each project within the respective Gate 2 batch”. This appears to simply be an extension of the ‘first come first served’ logic but with the addition of land right requirements. We recommend ESO considers developing a methodology to optimise the sequencing of connections during the Gate 2 design process stage and evaluate if this can be justified as providing benefits to customers</p> <ul style="list-style-type: none"> • If connection dates are offered for projects that meet Gate 2 on a ‘first come first served’ basis (e.g. projects that meet Gate 2 sooner receive an earlier place in the queue) there is a risk that technologies with a smaller land footprint are able to move ahead in the queue more easily; this is likely to favour BESS projects, of which there are >200GW in the queue today • Frequent Gate 2 assessments are valuable to allow projects to keep making development progress, as long as ESO is certain that the analytical requirements can be delivered at the proposed pace. • We also have concerns around the process for DNO connected projects to meet Gate 2, discussed in element 18 below 	
Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> • Self certification is acceptable but there must be strict and enforceable consequences in place for any actors who attempt to game the system. This cannot simply be not meeting Gate 2 as this is unlikely to be sufficient deterrent 	
Element 14: Gate 2 Offer and Project Site Location Change (see pages 28, 46)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> • This is a reasonable approach although there is likely to be many circumstances where a more suitable site is not available closer to the connection point offered at Gate 2. Without data on how frequently ESO offers a different POC and how far these are on average from the requested POCs it is impossible to assess how much of an issue this is. 	
Element 15: Changing the offer and acceptance timescales to align with the Primary Process timescales (e.g. a move away from three months for making licenced offers) (see pages 29, 42-46)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> • This is a necessary change to avoid unanticipated consequences on licence obligations 	
Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (see pages 29, 53-55)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> • Coordinated network design can help save customers money by planning networks more efficiently but ESO will need accurate assumptions on attrition rates post-Gate 1 to ensure this is achieved. 	

	<ul style="list-style-type: none"> • ESO should also consider how the Gate 2 assessment process can translate the CNDM assumptions into the actual contracted background and queue positions • Not codifying the CNDM methodology to allow it to update as data is gathered on the process is a reasonable approach 	
	Element 17: Introducing the concept of a Distribution Forecasted Transmission Capacity (DFTC) submission process for Distribution Network Operators (DNOs) and transmission connected Independent Distribution Network Operators (iDNOs) to forecast capacity on an anticipatory basis for Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations aligned to the Gate 1 Application Window (see pages 30-33, 51-53)	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<ul style="list-style-type: none"> • Having a clear and well defined process for DNOs will be crucial to avoid inadvertently discriminating against smaller generators. • We agree that DFTC works for giving ESO/TO visibility of projected distribution capacity requirements, without introducing an unduly onerous pre-app / data sharing requirement between the DNOs and the ESO. • However, DNOs also require visibility of queue impacts following changes at the transmission level. If connection dates for relevant embedded projects are adjusted as a result of TMO4+, this will also have an impact for distribution network planning. It is not clear in the current proposals how this interdependency will be managed. • There is also a risk that the DFTC exacerbates a 'dual track' process between Tx and Dx connecting projects, as DNOs are able to reserve in-year capacity (with no penalties for under/over-estimating) to allocate (Gate 1) to embedded projects at any point whilst Tx connections have to wait for an annual window to reserve capacity. It is not clear how/whether transmission capacity is reserved in priority for DNO DFTC requests. If it is, project developers may choose to reserve Tx capacity 'via the back door' by connecting at Dx level via the DFTC process (potentially avoiding the wait for an annual window) 	
	Element 18: Set out the process for how DNOs and transmission connected iDNOs notify the ESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2 criteria (see pages 33-34, 51-53)	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<ul style="list-style-type: none"> • We understand that the Gate 2 process will effectively supersede or replace the current Project Progression / statement of works process, but there is limited detail available on how this will work in practice. • PP/SoW are currently highly time consuming for distribution connecting projects, often taking >12 months for current projects we have in our development pipeline. There is a risk that ESO is unable to process the Gate 2 applications received from DNOs in timelines required to met the three annual Gate 2 windows. 	

	<ul style="list-style-type: none"> Current processes between DNOs have also been highly inconsistent, and the DNO/ESO interface is a significant pain point for developers. Failure to standardise or define minimum service levels from DNOs as part of the TMO4+ process risks inconsistent treatment of projects / projects missing the Gate 2 window due to DNO delays etc. 	
6	<p>Are there any elements of the proposal which you believe should not be included as part of this proposed solution, which the Proposer believes represents the 'Minimum Viable Product' reforms required to the connections process? If not, why not? (Please note the element number in each of your responses if applicable)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
N/A		
7	<p>As per question 6, are there any additional features which you believe should be included as part of Minimum Viable Product reform to the connections process?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<ul style="list-style-type: none"> More clarity is needed on the DNO / embedded generation process to ensure all parties can be held to account and so that there are no unnecessary delays to the Gate 2 process Allowing for the Crown Estate to secure firm capacity ahead of bidders competing in seabed leasing rounds. This is crucial to improve certainty to offshore developers bidding for capacity (and TCE prior to awarding of leases) Confidence in the MVP also requires clearer delivery timelines for associated methodologies and documentation that is required for CMP434 to work in practice. There is currently a high reliance on additional documents that could undermine progress if delayed, including: <ul style="list-style-type: none"> CNDM DFTC Capacity reallocation, bay allocation, bay sharing Updating other modifications (e.g. CMP376, securities mods) Definition of allowable changes Project designation methodology CSNP (longer term) 	
8	<p>Do you agree that the Gate 1 process should be a mandatory process step,</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

	<p>or do you think Gate 1 should be an optional process step with projects being able to apply straight into the Gate 2 process if the project meets both the relevant Gate 2 and Gate 1 criteria?</p>	
	<ul style="list-style-type: none"> • Making Gate 1 optional is likely to reduce the value to (N)ESO from the annual CNDM planning process taking place after the Gate 1 window, given the reduced visibility of projects in the pipeline that are likely to seek Gate 2. • Providing high quality data and network analysis tools to developers would help them to secure the information needed outside of the annual application window to understand likely connection timescales and prioritise particular development sites to meet Gate 2 in future. 	
9	<p>Do you believe that the proposed Gate 1 and Gate 2 process could duly or unduly discriminate against any types of projects? If so, do you believe this is justified?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<ul style="list-style-type: none"> • Gate 2 land requirements (and underlying first come first served logic) is likely to benefit those project types which have a smaller land footprint (e.g. BESS). It is not clear this is beneficial for the system or an intended consequence of the design • Gate 1 longstop date is likely to disadvantage project types with a longer development timescale 	
10	<p>Please provide your views on the proposed options ((a) to (e) on page 45) to mitigate the risk of requiring a developer to submit their application for planning consent earlier than they would in their development cycle (with the risk this consent could expire and any extension from the Planning Authority is not automatic).</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>Options a) and d) are likely to mitigate this risk most consistently, as timeline assumptions can be calibrated to ensure that consents do not expire before the connection date.</p>	
11	<p>Do you agree that DFTC should be included as part of CMP434? If not, do you</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	believe that the reformed connections process can function without DFTC? Please justify your answer. (see pages 30-34, 51-53)	
	DFTC should be included, along with a defined process/timelines for DNO connection applications to meet Gate 2 requirements	
1 2	The Proposer intends to set out supporting arrangements for TMO4+ via a combination of guidance and methodologies (e.g. DFTC, CNDM, Project Designation, Gate 2 Criteria). Do you anticipate any issues with having these outside of Code Governance? (see Pages 9-10, 55)	X Yes <input type="checkbox"/> No
We are not in principle opposed to these documents being outside code governance, but we are concerned about ESO capacity to deliver all of these methodologies in time for the MVP to work effectively. Using these methodologies also requires a clear governance/dispute resolution process in place to resolve challenges efficiently.		