

Connections Reform Webinar

Tuesday 11th March 2025



Agenda

- 1. Welcome**
- 2. Reform Update**
- 3. Gate 2 evidence**
- 4. Industry consultations**
- 5. Q&A**



Susana Neves e Brooks
Head of Connections Strategy and Reform

Welcome

national**grid**

Connections Reform - Summary



Pause & Freeze

NESO announced in January a *Pause* to transmission generation connection applications and a *Freeze* to Securities between April 2025 and April 2026



Code changes

CMP446: TIA thresholds 1MW to 5MW E&W
CMP448: New financial instrument
CMP443/435: Reform code changes for transmission gated process



Ofgem minded-to decision for Reform Enablers

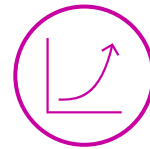
Currently minded-to position closes 14th March
Ofgem are due to publish their final decision on CUSC Mods & Licence Stat Con in April – on the critical path to delivery



Connections Reform Implementation Hubs

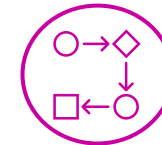
NGED Sponsoring two Hubs and co-chairing another Hub, which look to define mechanics of the Reformed process and focus on impact to Distribution

[E2E Journey Design & Programme, Distribution Engineering Hub and Evidence Checks Hubs]



Increase in Distribution Applications

Since the announcement of Pause at Transmission we have observed an increase of over 100% in applications in NGED



Connections Reform Implementation & Communication Plan

NGED Connections Reform are currently developing a programme and guidance that looks to provide clarity on how introduction of reform shall be managed and what customers can expect.

We continue to be invested on engaging with our customers via webinars, website, creation of bespoke Reform content & e-mails communication







Laura Henry

Senior Connections Strategy & Reform Manager

Gate 2 Evidence

Gate 2 Methodology| DNO Process

| | |
|---|---|
| Small & Medium Embedded Projects → Submit Evidence to DNO | <div> Directors Declaration</div> <div> Lands Rights or Planning (DCO)</div> |
| Large Embedded Projects → Submit to NESO | <div> Red Line Boundary</div> <div> Strategic alignment including protections</div> |

Embedded Demand Projects out of scope of TMO4+

Gate 2 Methodology| Directors Declaration

**DNO Check
NESO** **→** **Submit to**



Company Registration Number

Use Companies House to verify Director(s) of :

- Limited Companies
- Public Liability Company (PLC)
- Limited Liability Partnerships (LLP)





Covering Letter

If an organisation is not listed on Companies House, a cover letter is required to confirm the reasoning behind this.

Gate 2 Methodology| Land Rights or Planning (DCO)

| | | |
|-----------|---|--|
| DNO Check | Option Agreement and/or Exceptions and | Minimum 3-year period from the date the Option is signed (not the date when Gate 2 application is submitted), unless meets one of the Exceptions |
| | <u>either</u> Land or Purchase Agreement for Lease | Must have minimum 20-year period from the date of exercise of the option unless acceptable evidence is provided by the User |





Gate 2 Methodology| Land Rights or Planning (DCO)

| | |
|------------------|--|
| DNO Check | <div data-bbox="659 676 871 851">Existing Land Lease</div> <div data-bbox="955 586 1098 625"></div> <div data-bbox="1146 525 2277 686">Term of 20 years or more remaining at the date of Submission of Gate 2 Application OR</div> <div data-bbox="955 946 1098 985"></div> <div data-bbox="1146 858 2308 1076">Term remaining under 20 years but the operational life of the Project is less than 20 years e.g. test and demonstration projects Requires explanation</div> |
|------------------|--|


Gate 2 Methodology| Land Rights or Planning (DCO)

| | |
|------------------|--|
| DNO Check | <div data-bbox="573 642 963 811">Existing Ownership</div> <div data-bbox="991 499 2339 963"><div data-bbox="991 542 1133 578"></div><div data-bbox="1154 499 2242 692">Provide the official copy of The Register of Title where registered at the Land Registry OR</div><div data-bbox="991 885 1133 921"></div><div data-bbox="1154 849 2339 963">Provide the Title Deeds where land not registered at the Land Registry</div></div> |
|------------------|--|

Gate 2 Methodology| Red Line Boundary

| | |
|---|---|
| <div>DNO Check</div> <div>↓</div> <div>Submit to NESO</div> | <div></div> <div>Provide installed capacity per technology = Minimum Acreage</div> |
| | <div></div> <div>Red Line Boundary</div> |
| | <div></div> <div>Grid Coordinates</div> |
| | <div></div> <div>Post Code</div> |

J. Smith Generation Project Limited



Site Address:

Land South of Murton Substation, Pit Road, Murton, Seaham SR7 9JP

Red Line Boundary Coordinates (WGS84 format):

Northerly - 37°46'29.645"

Easterly - 57°46'29.648"

Southerly - 103°46'29.641"

Westerly - 122°25'9.843"

Technology Installed:

10MW of Battery Energy Storage System (Energy Arbitrage)

Land Acreage of site:

0.5 Acres

Gate 2 Methodology| Strategic Alignment Criteria`

| Strategic Alignment Criteria | Protections | Significantly Progressed |
|---|--|--|
| A Eligible for protections | 1 Projects contracted to connect by end 2026 that have met M2 and M7 (CMP435); | Planning obtained (M2) (and submitted, M1, by 20th Dec 24) |
| B Aligned to CP30 Action Plan | 2 Projects which are significantly progressed (CMP435); | Contracts for Difference (CfD) |
| C Designated Project | 3 Projects which are significantly progressed (those who reapply in CMP434 only); and | Capacity Market |
| D Not in scope of CP30 Action Plan | 4 Projects which obtain planning consent after closure of the CMP435 Gated Application Window (those who reapply in CMP434 only). | Ofgem 'live' Cap and Floor |
| | | Ofgem 'live' Merchant Interconnector |

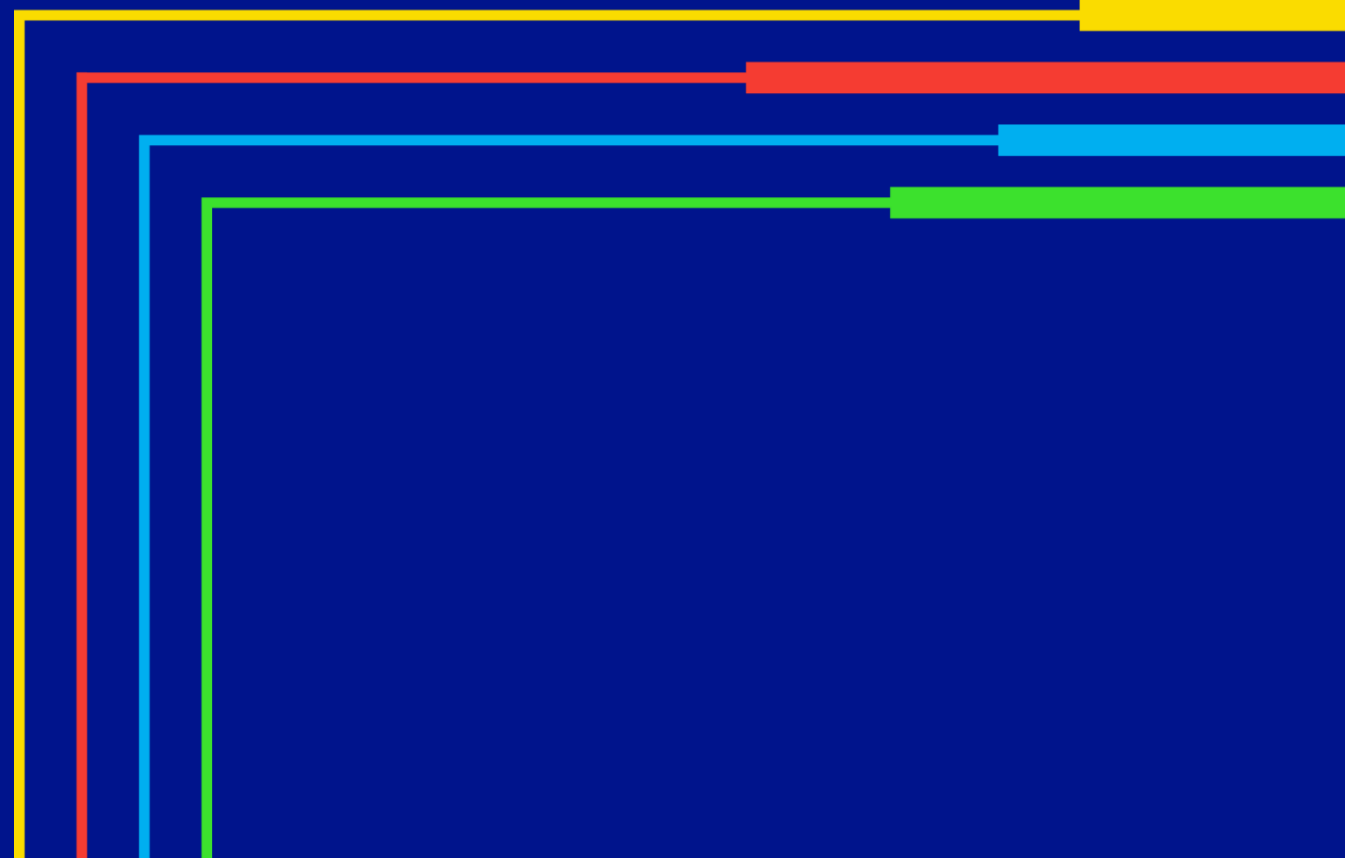


Sarah Kenny-Levick

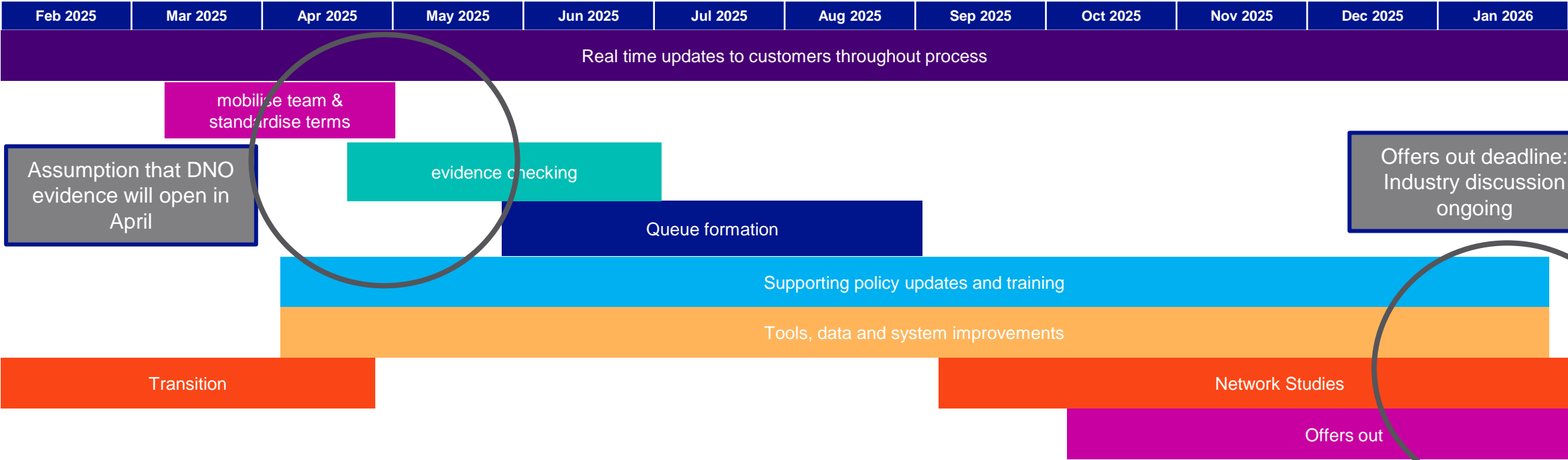
Senior Connections Strategy & Reform Manager

Industry Consultations

nationalgrid



Resourcing Strategy | Draft Implementation Plan – Based on the latest assumptions of the Ofgem Decision (this could change if the decision does not come in March)



| Evidence Checks | Data & Digital Improvement | T/D Interface | Engineering | Contract and Commercial | Customer Support | Policy & Training |
|--|---|--|--|--|--|--|
| Checking land & planning documents Checking M7 evidence reporting Gate 2 status | Queue & milestone reporting Data improvements Development of key reform tools Creation of longer-term strategies | Reorder the queue Prepare T/D data Curtailment reports Appendix G responsibility Complete strategic allocation checks Provide data for external reporting | Network studies Define assets for contracts Define assets for wider reinforcement Longer term evidence checks | Legal lines to take Customer comms Contract management Standardised Ts & Cs | Complaints Queries Legal escalations Customer materials Customer comms | Own & update existing policies Design new policies Lead policy change across industry Rollout training to teams on policy |

Ofgem Minded-to Response | NGED is supportive of reform and the Ofgem position in the main, but have some specific areas we are highlighting within our response

| | Topic | Description | Response Content |
|---|--|--|--|
| 1 | Licence & Legal Framework | <ul style="list-style-type: none"> NGED believe Gate 1 is required at distribution for consistent treatment of unsuccessful projects through reform (both at transmission and distribution) | <ul style="list-style-type: none"> NGED minded-to response will highlight the need for further acknowledgement from Ofgem for gate 1 in industry frameworks |
| 2 | Ofgem Alternative Reform Model (WACM 1) | <ul style="list-style-type: none"> A developer raised alternative has been proposed by Ofgem as the final version to be implemented Ofgem believe this to be developer friendly Feedback from industry is that some developers now do not support this - given reform has since evolved | <ul style="list-style-type: none"> WACM 1 adds a 6/8-week delay and additional complexity to the already challenging timeline With other changes already made to reform, the alternative does not give the reported benefits We do not support the proposal and call for reinstating the original and workgroup supported proposal – would welcome view from customers on this. |
| 3 | Charges for acceleration & withdrawal | <ul style="list-style-type: none"> The final proposals state projects should pay to seek acceleration The final proposals state projects reducing capacity should pay a mod app fee The final proposals are silent on a withdrawal being free of charge | <ul style="list-style-type: none"> Reform aims to accelerate ready and needed projects It would be unwise to request acceleration if a project couldn't – as this would disadvantage queue position Industry must encourage withdrawal of projects with no intention to progress – removing barriers to this We support removal of acceleration & withdrawal charges for the one-off reform exercise |

The **consultation closes on 14th March** - we encourage our customers to have their say in how reform is finalised:

CUSC Modifications | NGED Position

| CUSC MOD No | Purpose |
|---|--|
| CMP446: Raising the TEA Threshold | <p>The current proposal is to raise the threshold from 1MW to 5MW based upon registered capacity.</p> <p>WACM1 – raised to base the new threshold on export capacity. NGED has supported WACM1.</p> <p>NESO have taken the Workgroup Report and Consultation to Panel. The Code Administrator Consultation was released yesterday and is open until 17th March.</p> <p>It is the intention that this modification will be implemented prior to CMP435.</p> <p>www.neso.energy/calendar/cmp446-code-administrator-consultation</p> |
| CMP448: Introducing a Progression Commitment Fee (PCF) to the Gate 2 Connections Queue | <p>CMP448 has been granted urgency by Ofgem, the first two workgroups have been held. The proposal has been amended since NESO's Call for Input.</p> <p>The PCF is an additional financial security intended to ensure projects in the Gate 2 Queue are progressing.</p> <p>The PCF is triggered once connections with a combined total 6,000MW are terminated from the Gate 2 queue.</p> <p>All projects would be expected to pay £2,500/MW. The PCF increases every 6 months to a maximum of £10,000/MW.</p> <p>The first consultation is planned for 24th March.</p> <p>https://www.neso.energy/industry-information/codes/cusc/modifications/cmp448-introducing-progression-commitment-fee-gate-2-connections-queue</p> |

Upcoming Comms| Request for information from customers

| What? | Why? |
|--|--|
| <p>We will be emailing a request for information to our customers in March. NESO have also sent out an RFI and other DNOs are also doing the same.</p> <p>This request will include the following:</p> <ul style="list-style-type: none">• Confirmation of project contact details• Do you intend to:<ul style="list-style-type: none">○ Submit gate 2 evidence○ Request acceleration○ Drop a technology (hybrid)○ Reduce export capacity• Do you expect to be eligible for protection clauses 1 or 2a? | <p>Having incorrect project or contact information could slow down the processing of your project or even disadvantage your final position in reform.</p> <p>With more information about your intentions ahead of evidence submission, we can predict and better prepare for implementation.</p> |

Gate 2 Methodology: <https://www.neso.energy/document/350236/download>



Dave Witherspoon

Customer Engagement Manager

Upcoming Events and Resources



Upcoming Events

- **Connections: Virtual**
Thursday 27th March 2025, Online Webinar
Stay informed with Key developments and essential updates relating to connections
- **Connections: Reform**
Tuesday 8th April 2025, Online Webinar
Valuable insights and updates on Connections Reform, specifically tailored to NGED customers
- **NESO Customer Connections Seminar**, Edinburgh International Conference Centre
Wednesday 2nd April, 2025, In Person Event

**All attendees on
this call will
receive an email
invite to NGED
events**



Key Links

If you have any questions or would like to know more, contact us or visit our dedicated web page

- Key information on Connections Reform and industry announcements/how this may affect our customers
www.connections.nationalgrid.co.uk/connections-reform
- **If you have question in relation to Connections Reform, please email**
box.connectionsreformnged@nationalgrid.com
- Get the latest updates on Connections Reform via NESO
www.neso.energy/industry-information/connections/connections-reform

We invite you to share your feedback with us

**Let us know your thoughts
and help us shape future
events.**

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Q&A

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