

Electricity
Distribution

Connections:Virtual

Thursday 27th March 2025

nationalgrid

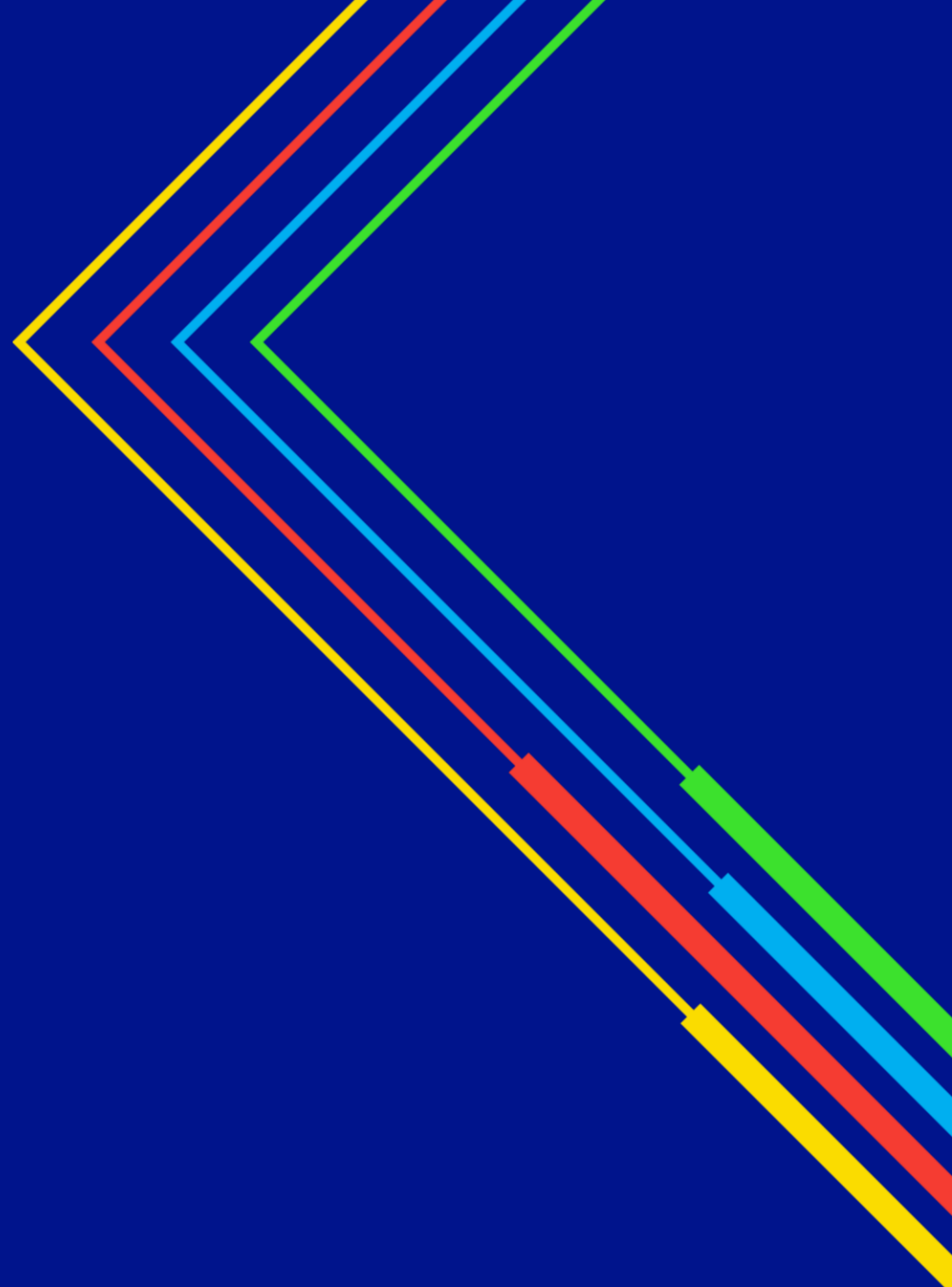


Agenda

- 1. End to End Review**
- 2. Connections Reform**
- 3. Events and Engagement**
- 4. Q&A**

Ofgem's Connections End to End Review

Cuan Rowlands
Connections Strategy and Policy Manager



Ofgem's End to End (E2E) Connections Review included a part consultation/part call for input on proposed changes to the regulatory framework around grid connections

Responses were open to all, including connecting customers at all voltage levels, stakeholders and the public

Interim implementation steps may also be appropriate, ahead of RIIO-ED3 price-control

Objective: Improved quality of service and more timely connection outcomes

13 January 2025

Original deadline, which was extended.
Remained the deadline for the Theme 8 response on RIIO-T3.

Spring 2025

Ofgem's expected response to the initial feedback.
This will outline a series of firmer proposals.

8 November 2024

Ofgem published E2E Review, covering:

1. Issues Ofgem think are prevalent within the connections process
2. Ofgem's initial proposals on how to address them

12 February 2025

Extended deadline for remaining themes (1-7).
Final opportunity to respond to the consultation.

Overview | The consultation was triggered by the Connections Action Plan and aims to improve the quality of service and more timely connection outcomes

Theme		Summary of objective
1	Visibility and accuracy of connections data	All useful data must be made available transparently to connecting customers and other interested parties to inform customer's connection application
2	Improved standards of service across the customer journey	Connecting customers must receive a high standard of service at all stages of the customer journey, from pre-application to energisation
3	Requirement to meet dates in connection agreements	Network companies and National Energy System Operator (NESO) should have proportionate requirements to meet agreed customer connection dates, just as developers must meet project milestones
4	Quality of connection offers and associated documentation	Network companies and NESO should be suitably required to issue high-quality offers and associated documents and information to connecting customers
5	Ambition of connection offers	Network companies and NESO should be suitably required to offer connecting customers ambitious connection dates, to ensure they are doing everything possible to expedite connections
6	Minor connections standards	Customers seeking to make connections at low voltages (e.g. installing heat pumps or Electric Vehicle charge points), should receive a prompt and consistent high standard of service from network companies
7	Provision and guidance for determinations	There should be greater clarity and transparency for all parties on the determinations process, including on Ofgem's role in managing complaints and issuing determinations

NGED positioning | There are several common threads that run through our response

1

Hold off implementing changes until the outcome of Connections Reform is understood

With the level of change in the connections landscape and significant reform underway, we recommended that no changes / potential solutions are defined until this work has concluded

2

Major Connections incentives need to be reviewed

A better balance between reward and penalty is required (currently only penalty), and standardisation of the customer's end-to-end connection journey milestones will be necessary to drive improvements for customers

3

A speed vs quality trade-off could be sub-optimal

A balanced framework that supports different customer needs is key. Changes to our obligations and standards of service must allow for tailored approaches and not disincentivise Distribution Network Operators (DNO) for flexing to customers' needs

We want to hear from you

Q: How can NGED improve in any of the 7 theme areas that Ofgem have outlined?

Please send feedback to:
NGED.connpolicysupport@nationalgrid.co.uk

All public responses to the consultation have been made available on Ofgem's website here:

<https://www.ofgem.gov.uk/consultation/connections-end-end-review-regulatory-framework>

Connections Reform

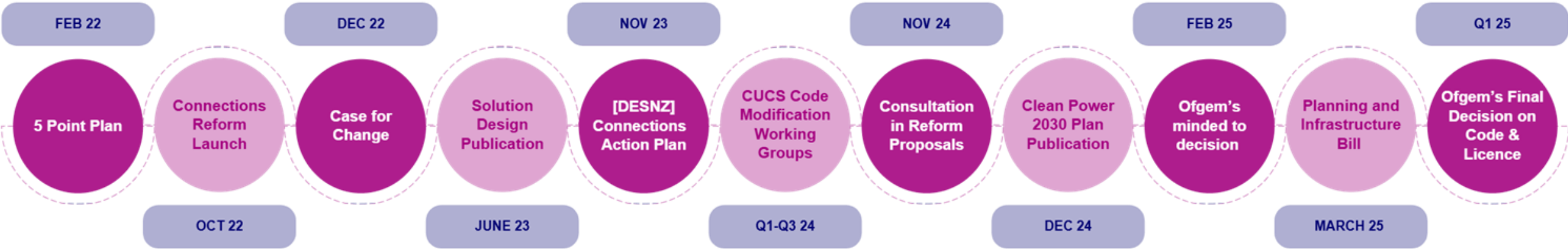
Susana Neves e Brooks

Head of Connections Strategy & Reform

Sarah Kenny-Levick

Senior Connections Strategy & Reform Manager

Connections Reform | Look Back



Connections Reform | Key updates for Distribution Customers



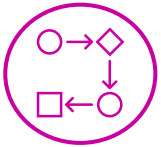
Outstanding NESO Contracts

NGED continue to work with NESO to resolve all outstanding queries on contracts that are waiting to be signed and schemes waiting to be clocked started.



Development of new processes

NGED Policy and Reform Teams are focused on development of processes and detail to prepare guidance for our Customers ahead of introduction of reformed processes.



Connections Reform Implementation & Communication Plan

NGED Connections Reform Team are focused on our internal Project Plan and Resourcing Strategy, to ensure our readiness and ability deliver on this complex implementation programme and support our Customers.



Connections Reform Implementation Hubs

NGED Sponsor two Hubs and co-chairing another Hub, we're actively engaging across the other Hubs working on the detail of the Reformed process and focus on impact to Distribution

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



Gate 1 and Gate 2

New NESO processes that will apply to in scope Distribution Customer, pending Ofgem decision on CUSC Code Modifications

Distribution Gate 1 | Update

What is Gate 1



Similar proposition to Gate 1 in the Transmission process.
DNOs are currently working through the details of what Gate 1 for Distribution shall look like

When shall it apply to



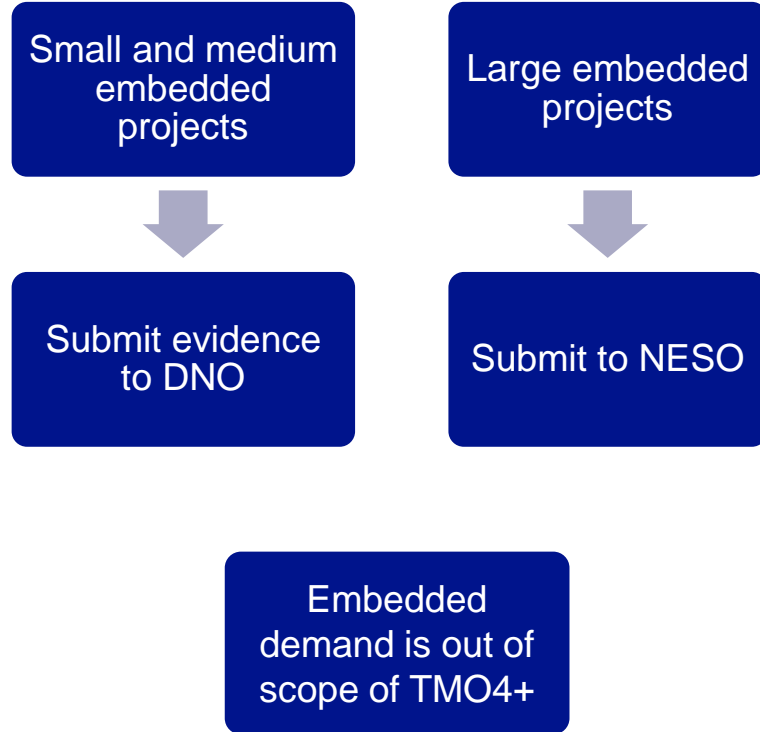
Distribution Contracts which are not successful at securing a Gate 2 Offer from NESO

Who shall it apply to



Existing connections contracts that are in scope of TMO4+ Implementation Process [CMP435]

Gate 2 Methodology- DNO process



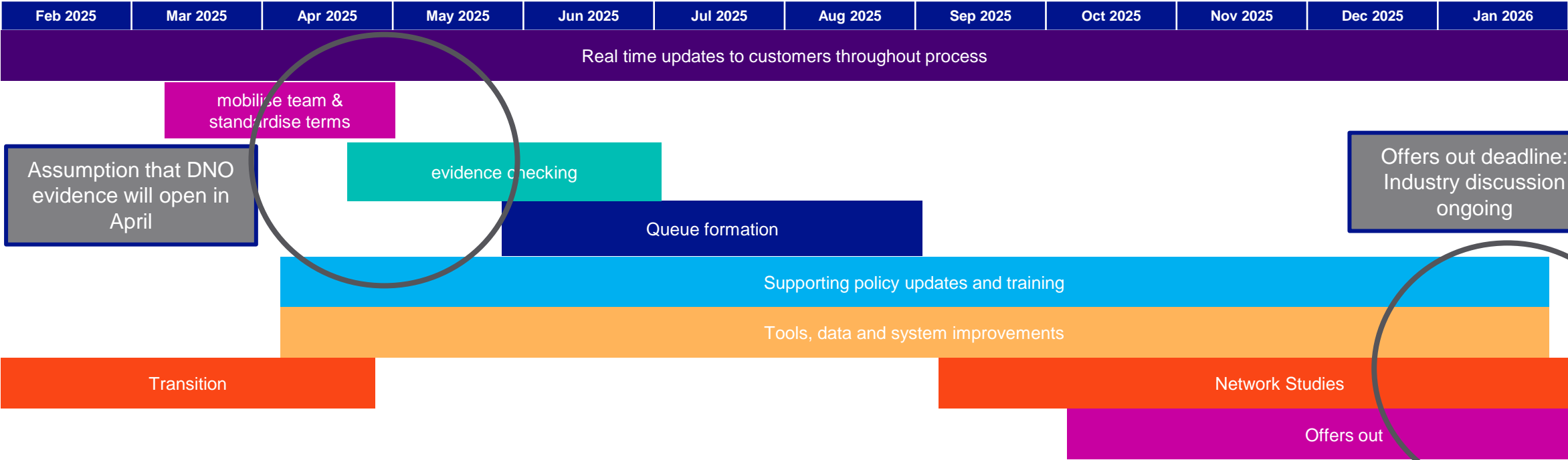
Gate 2 Evidence		Checks to be carried out by DNOs
Verification of Director(s) that signed the Readiness Declaration Letter		DNO check- Send to NESO
Secured land rights	→	DNO check
<u>or</u>		
DCO planning consent	→	
Red line boundary		DNO check- send to NESO
Secured Land Rights meet minimum parameters	→	DNO check
Strategic alignment	→	DNO check- send to NESO
Designated project status	→	As set out in the Project Designation Methodology

- NESO will conduct duplication checks using the red line boundary
- NGED customers will receive a link to an online form to complete when the submission window opens

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	2a Projects which are significantly progressed (CMP435);	Contracts for Difference (CfD)
C Designated Project	2b Projects which are significantly progressed (those who reapply in CMP434 only); and	Capacity Market
D Not in scope of CP30 Action Plan	3 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

Resourcing Strategy | Draft Implementation Plan – Based on the latest assumptions of the Ofgem Decision (this could change if the decision does not come in Q1 2025)



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

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. WACM1 – raised to base the new threshold on export capacity. NGED has supported WACM1. NESO have taken the Workgroup Report and Consultation to Panel. The Code Administrator Consultation was 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 now available until 7th April.</p> <p>https://www.neso.energy/industry-information/codes/cusc/modifications/cmp448-introducing-progression-commitment-fee-gate-2-connections-queue</p>

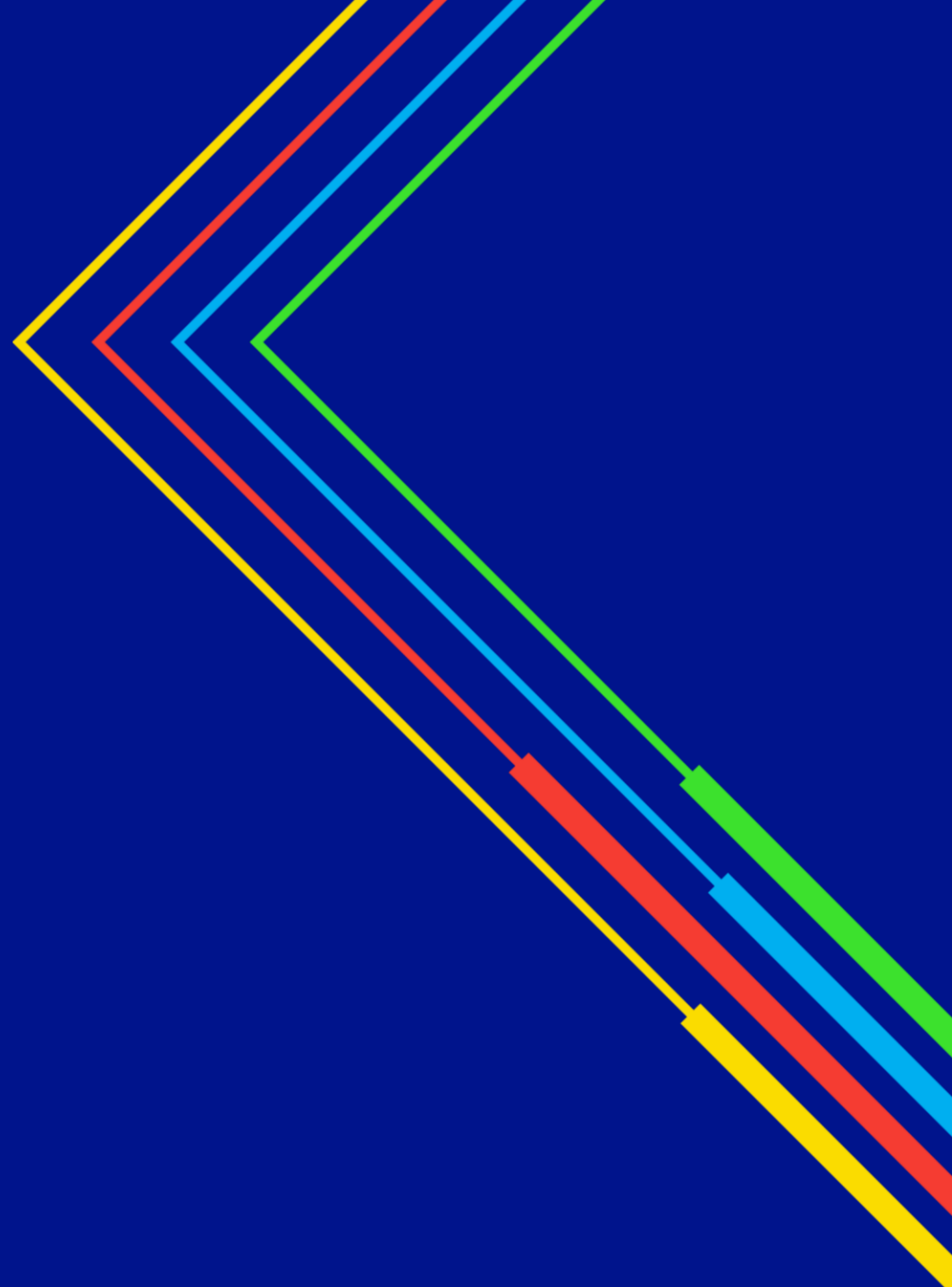
Upcoming EOI Comms| Request for information from customers – expected within the next two weeks

What?	Why?
<p>We will be emailing a request for information to our customers by early April. 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>

Events and Engagement

Sarah Jeffrey
Head of Strategic Customer Engagement

Mark Baker
Head of Strategic Customer Engagement





Upcoming Events

Connections: Reform Webinar

- Tuesday 8 April 2025, Online Webinar

Connections: Communities South West

- Thursday 15 May 2025, Taunton Cricket Club

Connections: Virtual Webinar

- Thursday 22 May, Online Webinar

Connections: Communities Midlands

- Thursday 18 September, Venue TBC

Connections: Communities South Wales

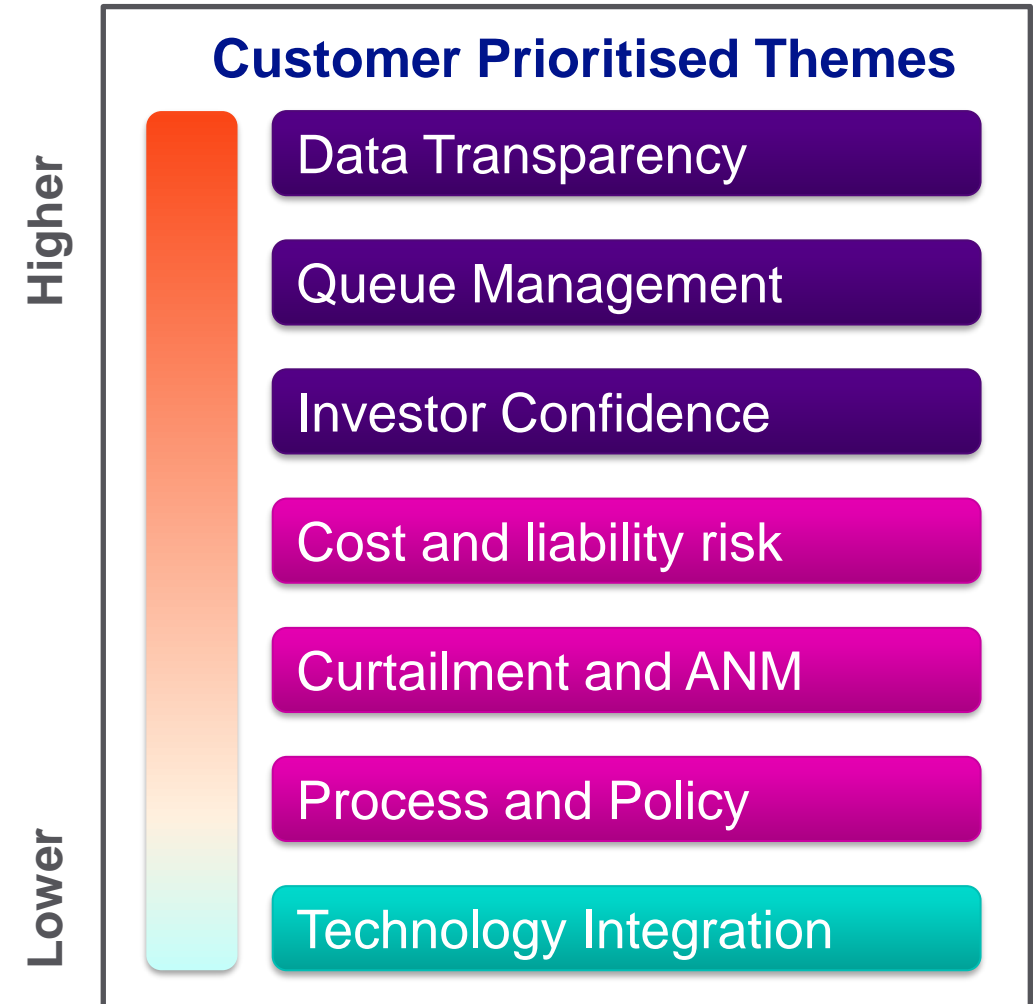
- Thursday 6 November, Venue TBC

To register for future events or find out more information, please scan the QR Code:

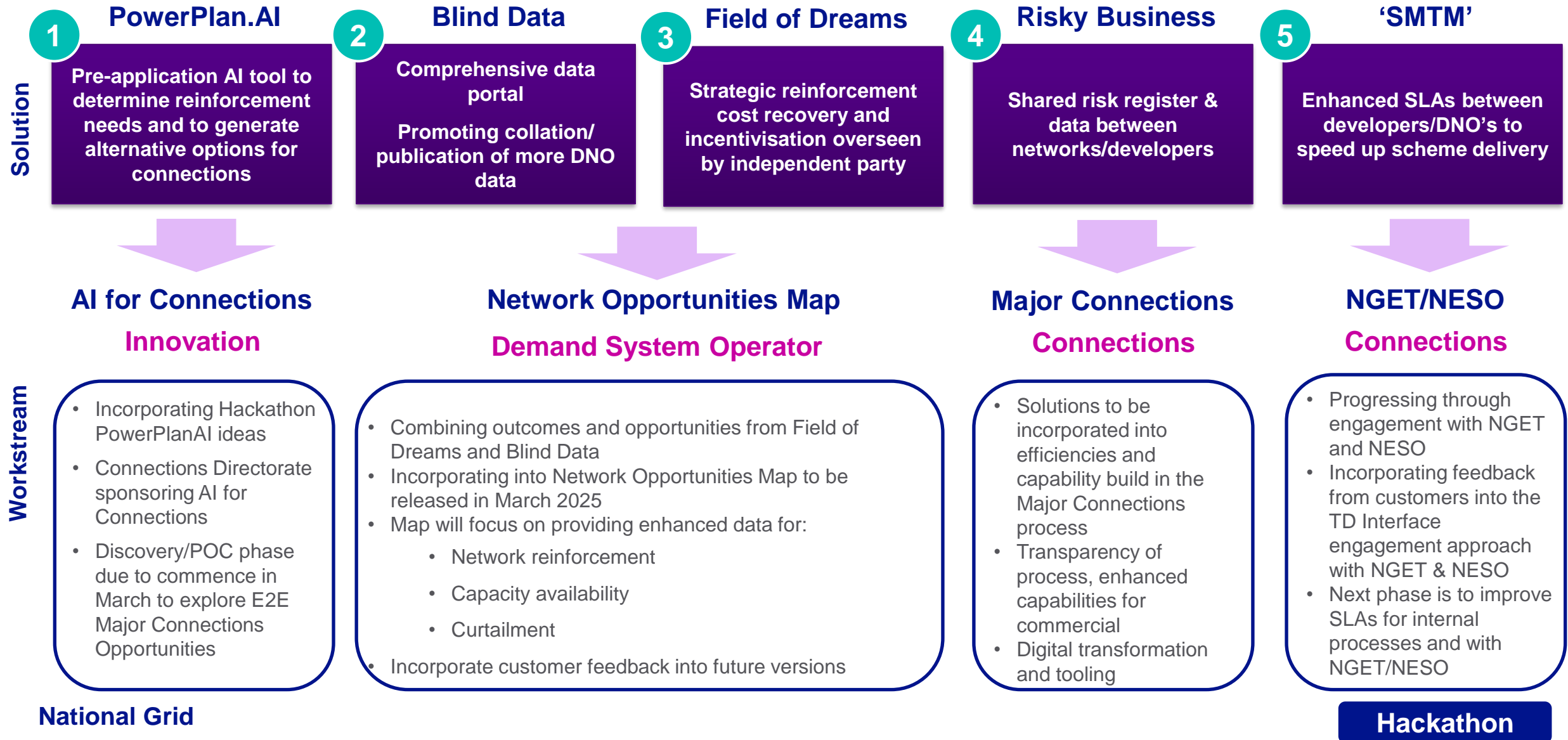


We ran a trial 'Hackathon' event in partnership with Octopus Energy and customers to explore accelerating connections, using 'design thinking'

- **Problem statement** – how might we accelerate connections against the backdrop of Connections Reform?
- **Design thinking and agile approach** used to rapidly ideate, prototype and test ideas – over and above (and in the context of) all existing connections reform
- **7 Key themes identified** by customers as blockers to unlocking the connections queue (see opposite)
- **~70 ideas rapidly generated** aligned to themes
- **5 solutions developed**, ready to progress through a number of different workstreams



Solutions are being progressed through existing & new initiatives



Hackathon 2.0 | we want to take the concept to explore new theme areas and problem statements...

Where's the problem?



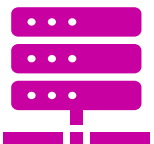
Connecting smaller-scale generation?



Supporting industrial decarbonisation?



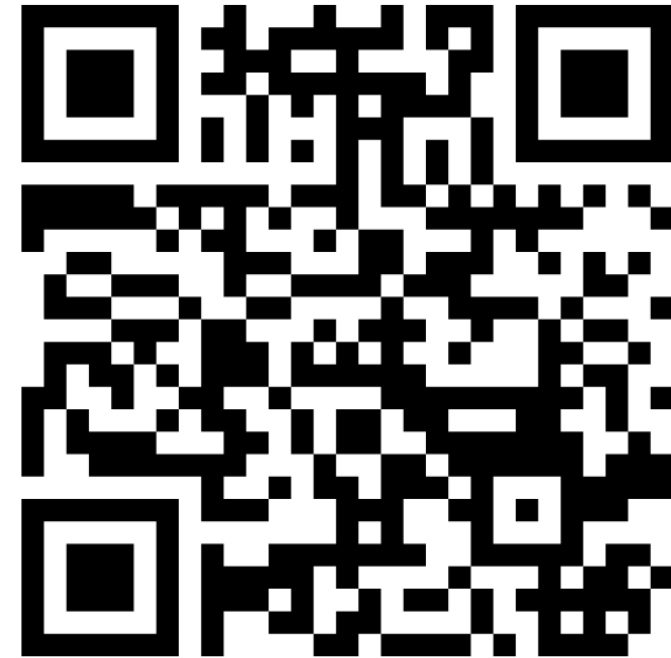
Accommodating large scale hybrid technology networks?



Coordination of large demand schemes?



What problem statement should we focus on at the next Hackathon?



Useful Links

- [Connections end-to-end review of the regulatory framework | Ofgem](#)
- [Upcoming Events](#)
<https://connections.nationalgrid.co.uk/engagement/>
- [NESO Transmission Pause - What it means for our customers](#)
- [Connections Information Hub:](#)
<https://connections.nationalgrid.co.uk/information-hub/>
- [Connections Reform :](#)
<https://connections.nationalgrid.co.uk/connections-reform/>

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