Electricity Distribution

Connections Reform Webinar

Tuesday 8th April 2025

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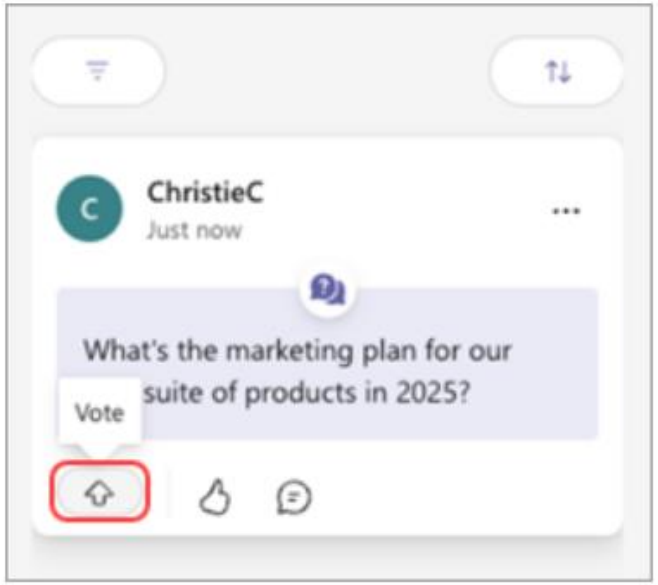
Agenda

1. Welcome and Key Updates
2. Reform Policy and Codes
3. Transmission/Distribution Interface
4. Reform Implementation Programme and Comms
5. Upcoming Events and Resources
6. Q&A

To submit a question, please use the Q&A Function.

If you see a Question submitted by another attendee which you would like to hear answered, please use the vote button on the question



Susana Neves e Brooks
Head of Connections Strategy and Reform

Welcome

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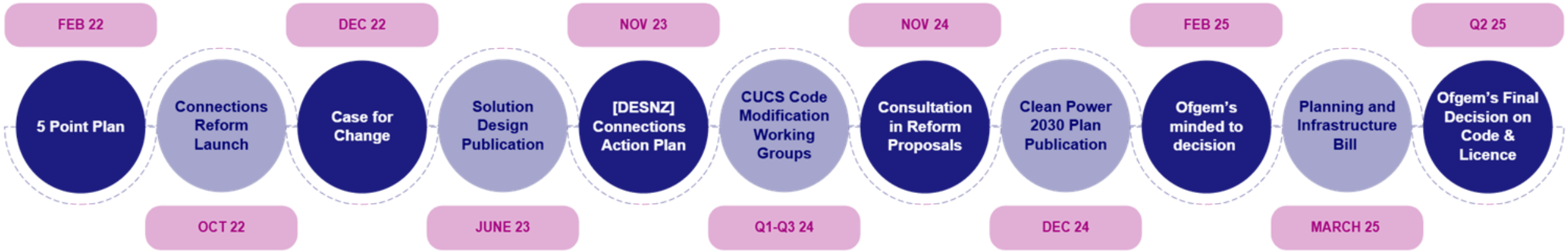
Connections Reform | Look Back



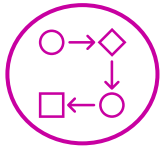
Connections Reform | Key updates for Distribution Customers

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 continue to be focused on development of processes and detail to prepare guidance for our Customers ahead of introduction of reformed processes.



Planning and Infrastructure Bill

This proposed Bill includes in it allowance of powers for DESN/Ofgem to "direct" existing connection offers to be amended (cl. 9) at Distribution to deliver on strategic energy policy and alignment with NESO processes and framework. We continue to work with industry to understand impact to reformed processes and implementation of reform.

Connections Reform Implementation Hubs

Focus on supporting NESO with development of industry implementation Programme that can deliver to Customer Expectations, Reform Objectives and CP30 targets, including reviewing ways of working that shall foster further collaboration between NESO, TOs and DNOs.

Gate 1 for Distribution

NGED is working with other DNOs and ENA to develop process and guidance for introduction of Gate 1 as part of G2TWQ and enduring process

Laura Henry
Senior Connections Strategy & Reform Manager

Reform Policy & Codes

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Reform Implementation| Gate 2 to Whole Queue Process

‘Existing Agreement Requests’

1. Existing Agreement Timetable Published by NESO
2. Application and evidence submission Window
3. The Pause (WACM1)

‘Queue Formation’

4. Queue Formation and Outcome Comms

‘Design and Offer’

5. Gate 2 to Whole Queue Network Design
6. Detailed Checks and Duplication Checks
7. Gate 2 Mod Offers

Reform Implementation| Projects that do not meet Gate 2 will receive a Distribution Gate 1, this mirrors the transmission process

What is a Distribution Gate 1?

- Indicative point of Connection
- Indicative Date
- Any previous costs are now indicative
- Cancellation charges are removed
- Distribution capacity is released

How could a project receive a Distribution Gate 1?

- The project does not submit a Gate 2 application
- The project does not pass strategic alignment checks
- The project receives a Gate 2 Offer but does not sign it

Gate 2 Methodology | DNO Process

Small & Medium Embedded Projects → **Submit Evidence to DNO**

Gate 2 Evidence	Checks by DNO	Sent to NESO
Verification of Director(s) that signed the Readiness Declaration Letter	✓	✓
Secured land rights	✓	✗
Red line boundary	✓	✓
Secured Land Rights meet minimum parameters	✓	✗
Alignment with 2030 pathway	✓	✓
Designated project status	✗	✗

Embedded demand is out of scope of TMO4+

Gate 2 Methodology| Directors Declaration

DNO Check → **Submit to NESO**

Company Registration Number

Use Companies House to verify Director(s) of :

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

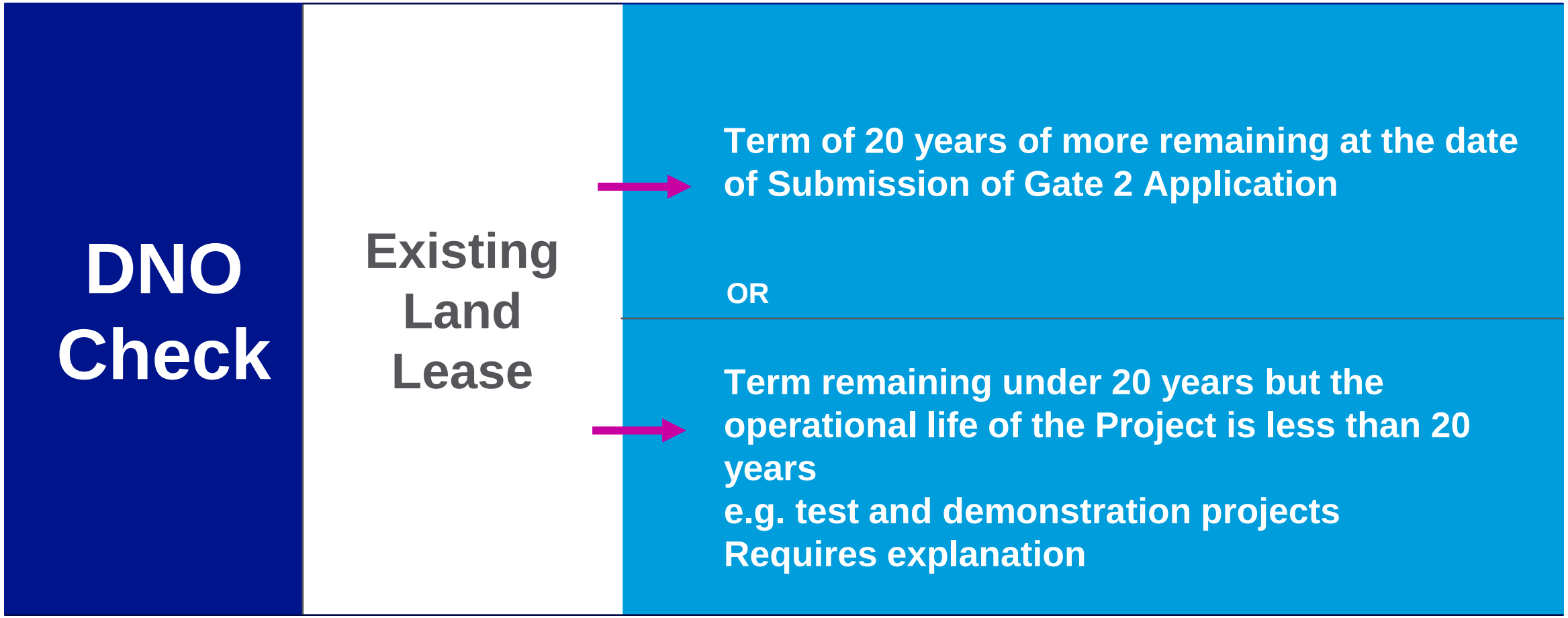
Covering Letter

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

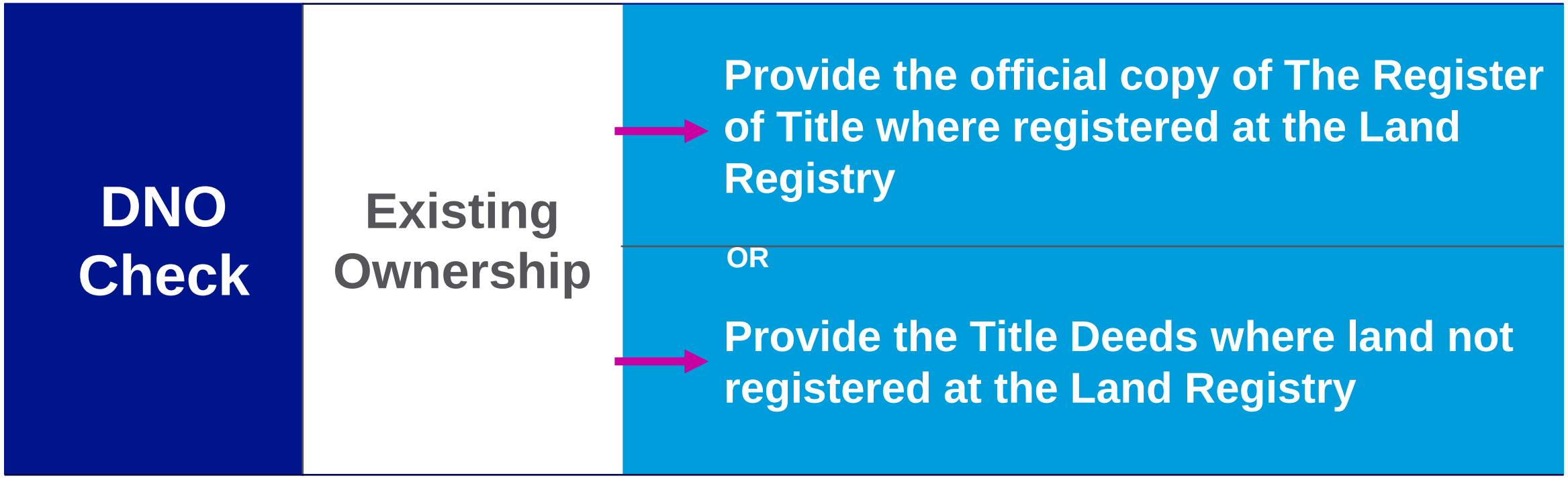
Gate 2 Methodology| Land Rights

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**

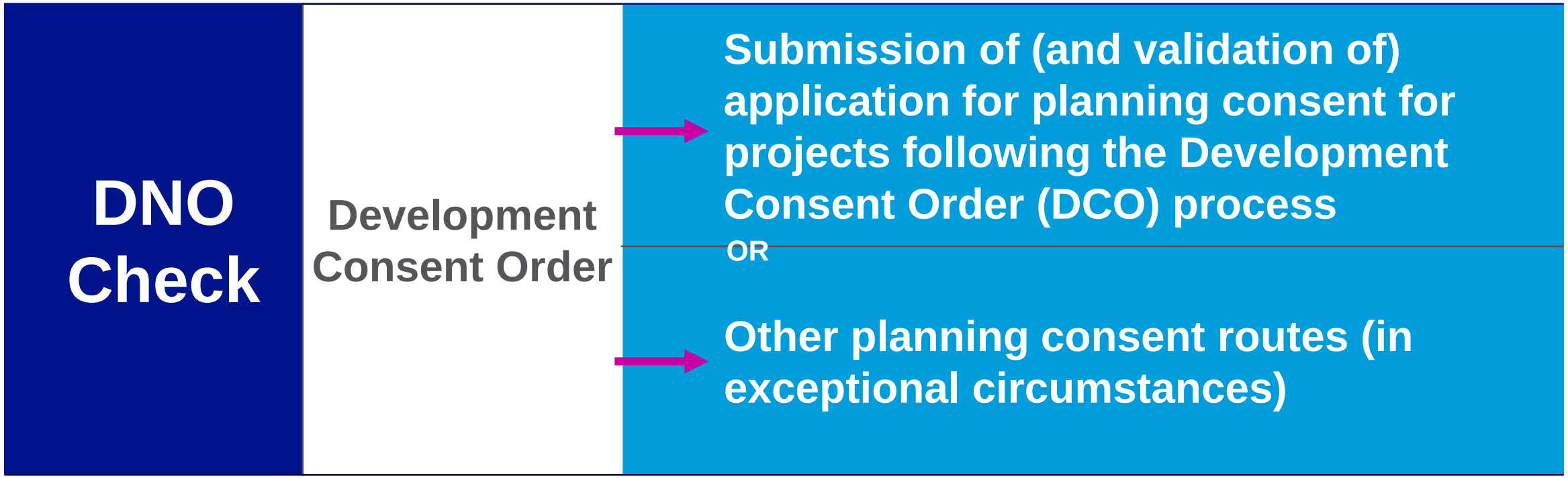
Gate 2 Methodology| Land Rights



Gate 2 Methodology| Land Rights



Gate 2 Methodology| Planning (DCO)

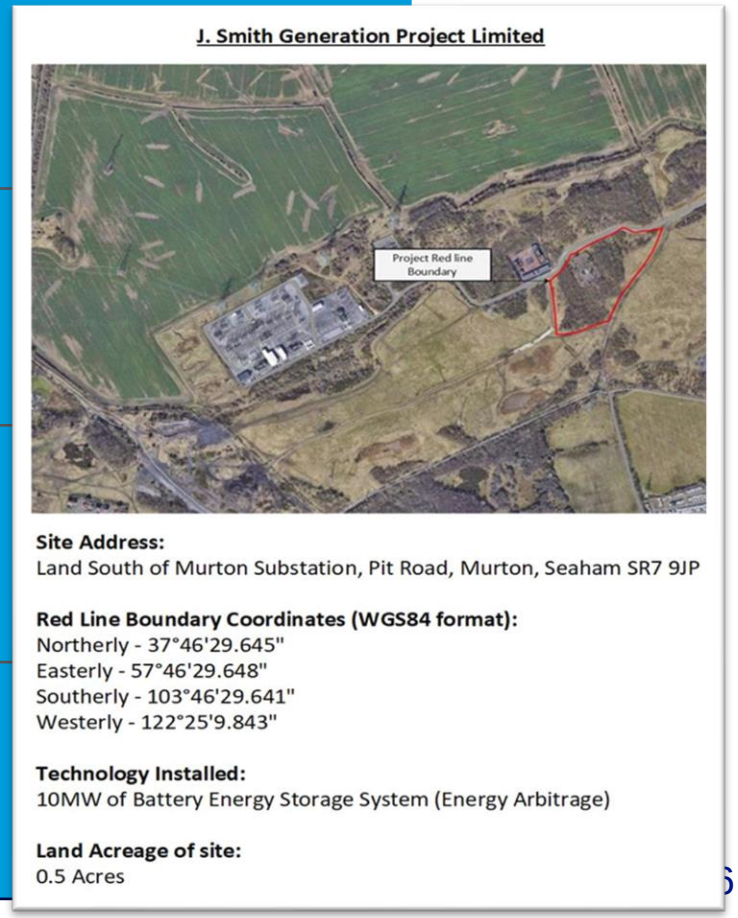


Gate 2 Methodology| Red Line Boundary

DNO Check

Submit to NESO

- Provide installed capacity per technology = Minimum Acreage
- Red Line Boundary
- Grid Coordinates
- Post Code
- Orientation and Scale



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	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 Ofgem 'live' Cap and Floor
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' Merchant Interconnector

ENA Queue Management Milestones | A need to review the current guidance to ensure it is still fit for purpose

Potential change	Reason for change
Update milestone information	Review of the information provided on each milestone and the evidence required to add further clarity of the process
Update M4 to reflect connections reform	Revise M4 to reflect the connections reform process
Change tolerance period to remedy notice	Remove the tolerance period and instead have a remedy notice period to make it clearer when a project is close to termination

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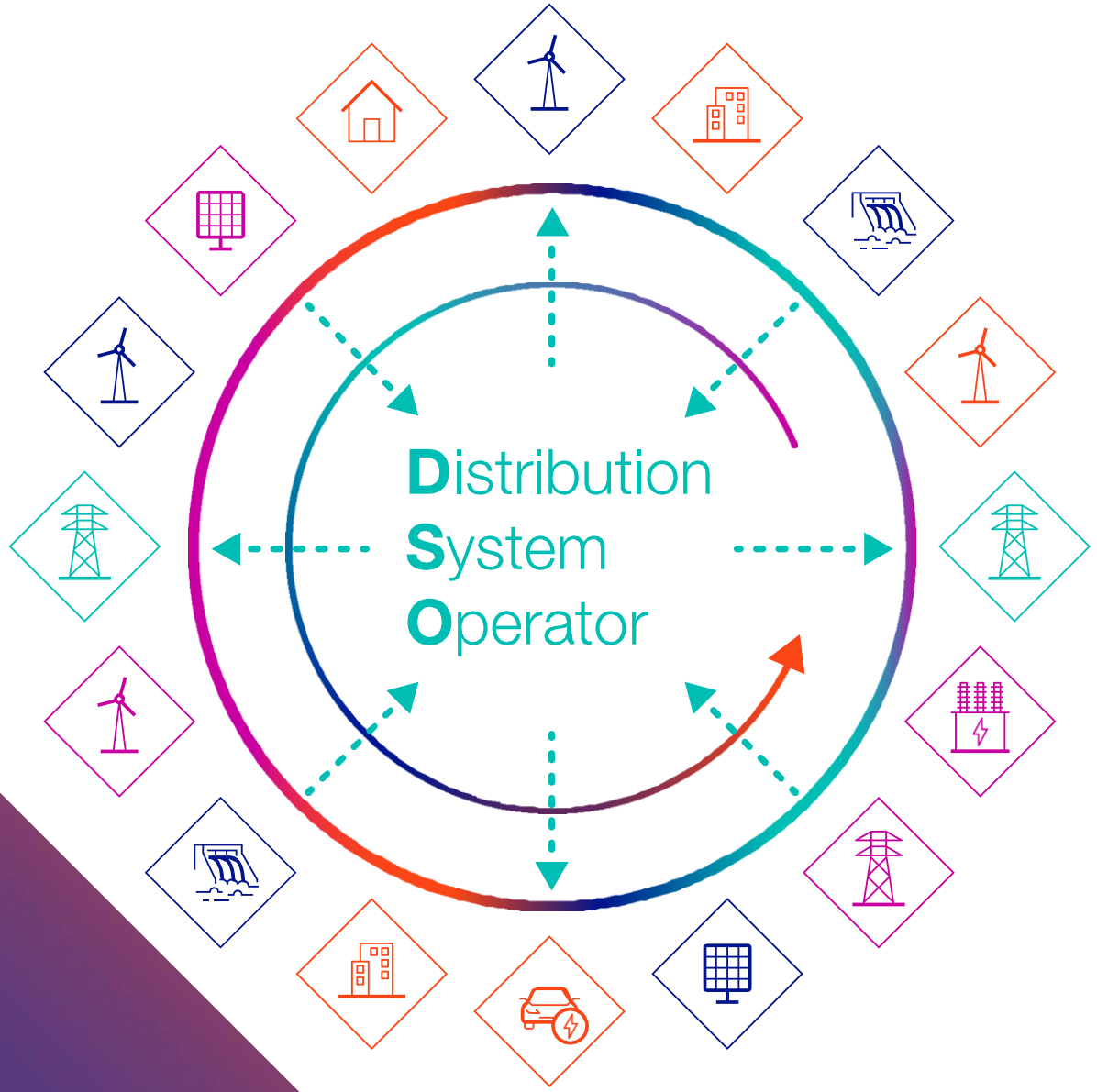
Transmission/ Distribution Interface

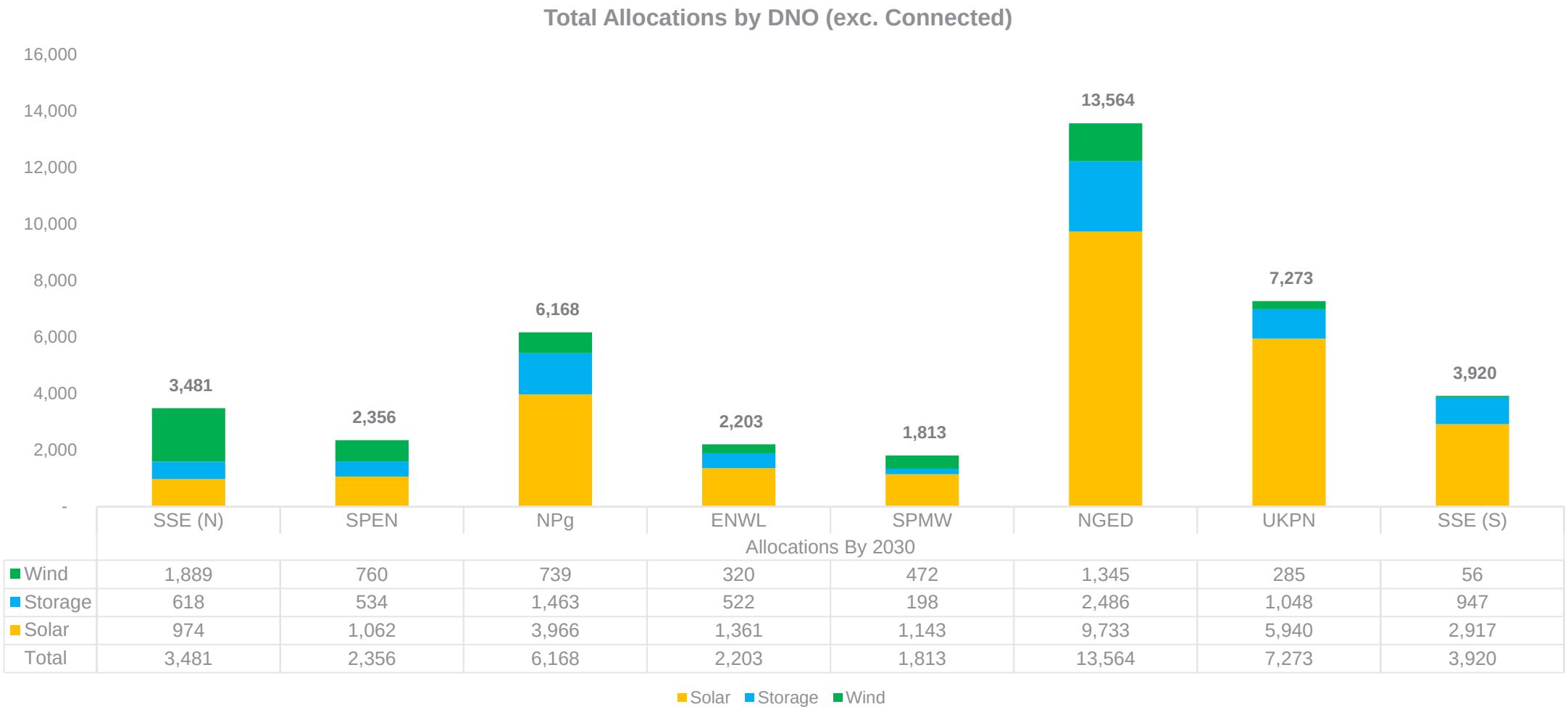
Ben Godfrey
Director, DSO



Topics to cover

- DESNZ CP30 Allocation Update
- Queue formation dates and data
- Preparing for assessment of the reformed pipeline
- Technical Limits during Connections Reform

Total Allocations by CP30 Region (excl. Already Connected)



Allocations By 2030

	SSE (N)	SPEN	NPg	ENWL	SPMW	NGED	UKPN	SSE (S)
Wind	1,889	760	739	320	472	1,345	285	56
Storage	618	534	1,463	522	198	2,486	1,048	947
Solar	974	1,062	3,966	1,361	1,143	9,733	5,940	2,917
Total	3,481	2,356	6,168	2,203	1,813	13,564	7,273	3,920

CP30 Allocations NGED's Region

Solar

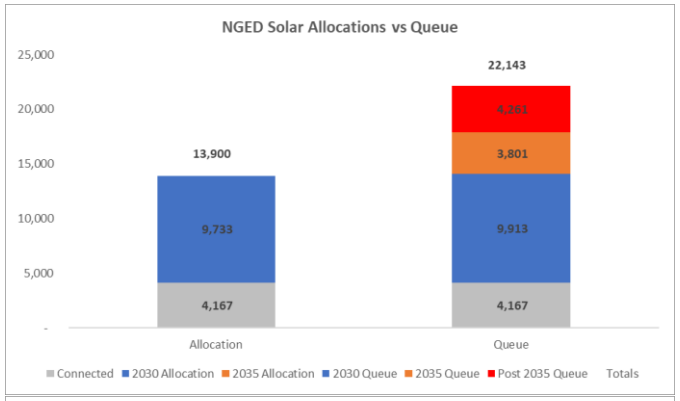
- Queue of 590 projects totalling 18 GW versus future allocation of 9.7 GW up to 2030
- Our total pipeline of projects is over our 2030 allocation, but pre-2030 matches closely
- Post-2030 projects will be pooled with Transmission and sorted on readiness

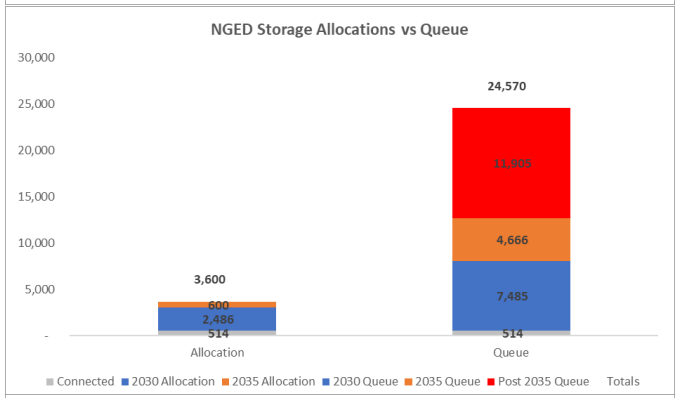
Storage

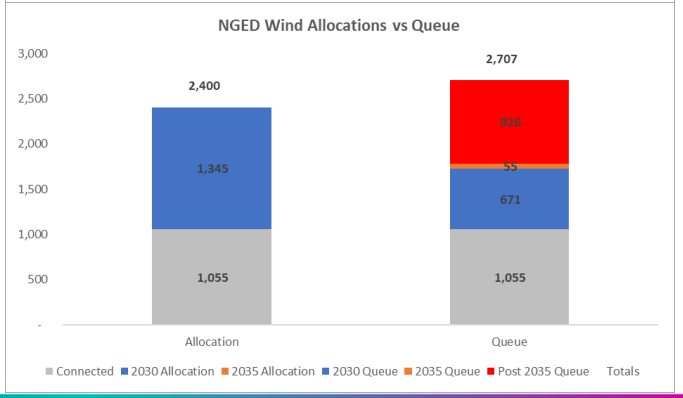
- Queue of 373 projects totalling 24 GW versus storage allocation of 3 GW up to 2035
- The pipeline of projects significantly exceeds our allocation
- "Grandfathering" and other protections will likely increase the allocation upwards to protect existing investment
- Expecting level of consented projects to exceed allocation, so limited opportunities for projects going through Gate 2 to Whole Queue process

Wind

- Queue of 51 projects totalling 1.65 GW versus wind allocation of 1.3 GW up to 2030
- Anticipated project timings are mismatched from allocations - queue shortfall in 2030 allocation and overallocation in the period 2030-2035.
- There will likely be the potential to accelerate the connection dates of some of the later projects
- Post-2030 projects will be pooled with Transmission and sorted on readiness







Queue Formation

As per CNDM, queue order will be determined by:

For AppG generators:

Earliest of:

- NESO approval date of AppG or
- DNO AppG send date + 5days is used

For generators going through 2 Step process

Earliest of:

- NESO 2 step, 1st offer countersignature date or
- DNO 1st offer countersignature date + 28 days is used

For generators going through BAU PP

Earliest of:

- NESO Mod Offer countersignature date, or
- DNO Mod offer signature date + 28 days is used

Whole System G2TWQ Data

We are working with NESO to bring together a single consolidated dataset to be used ahead of queue formation

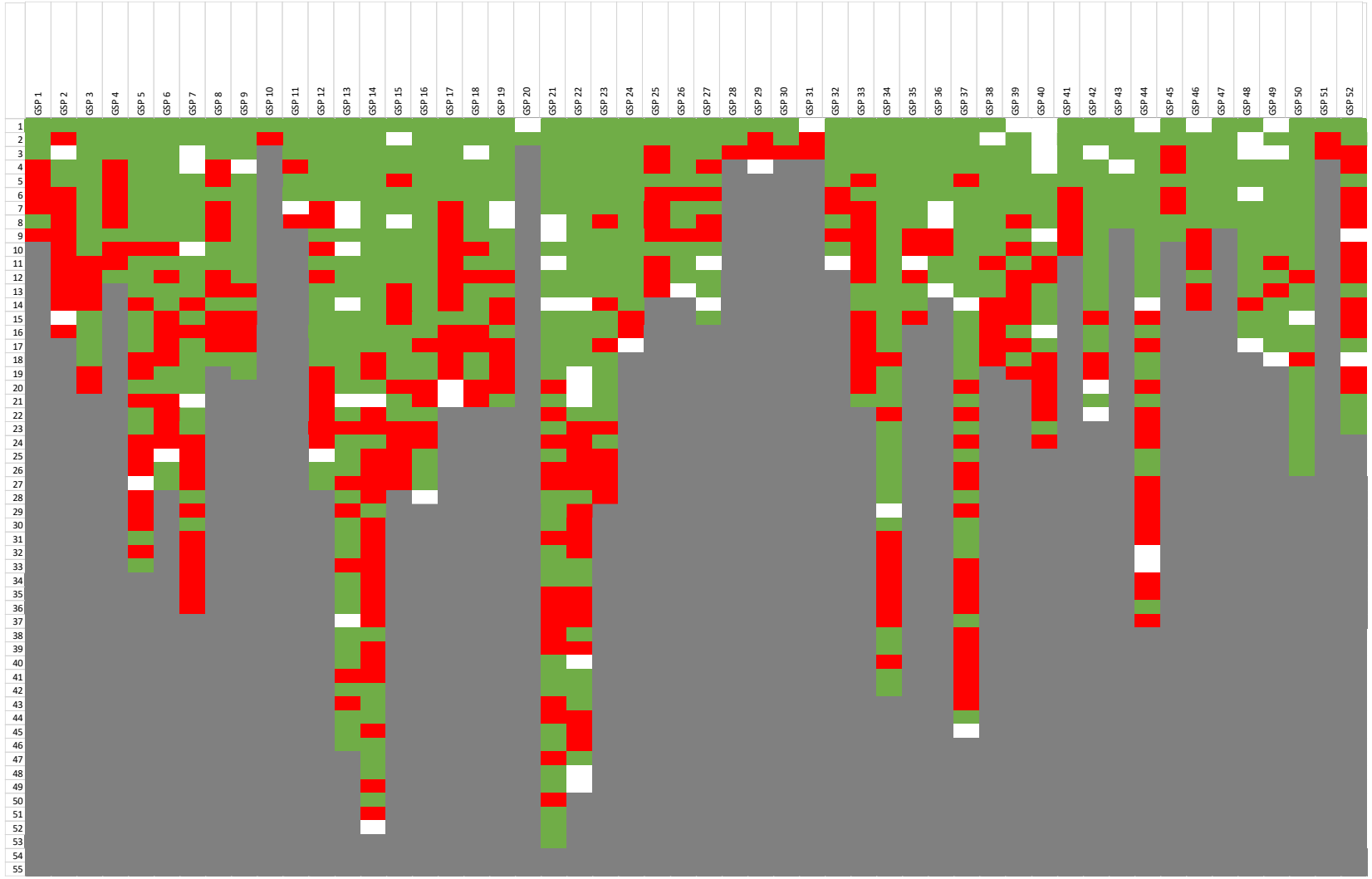
Where multiple DNO offers have the same transmission queue entry date, the DNO queue order will be used to provide a sub-queue order

CP30 Queue Reformation – testing our processes

Columns across in this view are different Grid Supply Points where we interface with Transmission.

Rows are the queue position starting from 1.

- Green are Gate 2 projects
- Red are Gate 1 projects
- White are technologies out of scope of Regional CP30/National allocations
- Grey is no project



CP30 Queue Reformation – informing our resourcing

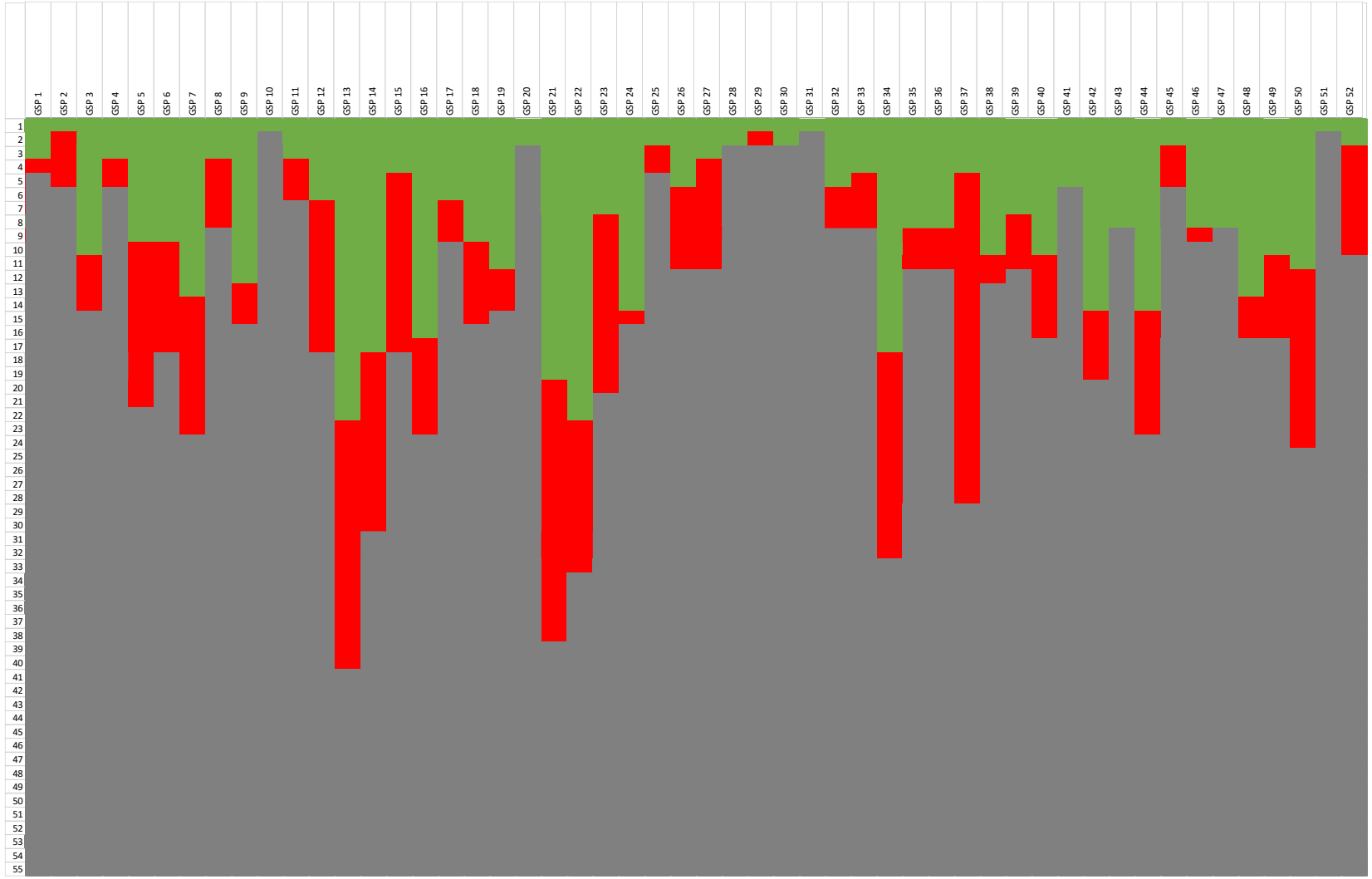
All our schemes going through Connections reform will need reviewing.

Green – original D-works likely valid

Red – original D-works need reviewing

Where no dropouts occur, no engineering reassessment is likely to be needed but timescales may be altered to reflect Transmission availability

Where some positions are shuffled, then engineering reassessment will be required

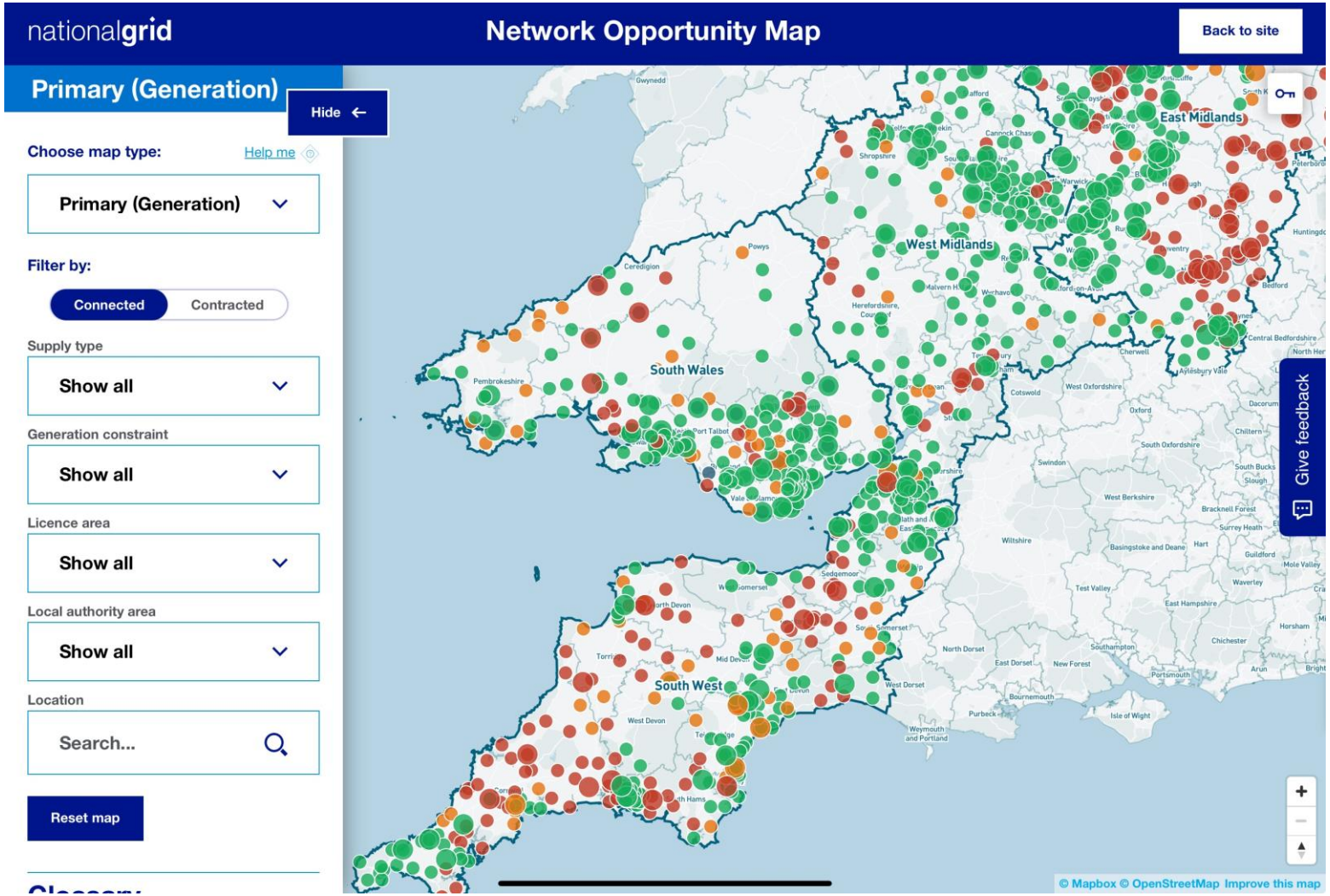


Network Opportunity Map

Our new Network Opportunity Map, as an industry-first, now has data on “Connected Headroom”.

We will be using this data to get an early view of what projects can connect where without triggering reinforcement, ahead of the detailed engineering studies which will need to be done.

www.nationalgrid.co.uk/network-opportunity-map



Technical Limits Update

Retaining existing Technical Limits

We have been working with NESO and the TOs on what will happen to Technical Limits schemes during the G2TWQ process.

The existing Technical Limits are written into our BCAs and DNOs have the ability to substitute schemes which have been through the Transmission Impact Assessment with out generation where drop outs and cancellations occur.

Maximising Technical Limits during Connections Reform

We anticipate the Reallocation of Capacity process to be central to early progression of customer outcomes during Connections Reform. Technical Limits will allow DNOs to reallocate firm transmission capacity to retained projects in the queue once these are identified by NESO.

Technical Limits will also be able to accelerate connections via non-firm routes where limited Transmission capacity exists, just like it has been used in the past. Curtailment estimates will need to be revisited based on the new queue formation once identified by NESO.

We are also exploring with NESO and the TOs how we can go further with Technical Limits – this may include revisiting limits based on updated Transmission assessment and/or reviewing capacity based on committed future reinforcement. All of which should support maximising the available capacity and reducing potential curtailment.

Sarah Kenny-Levick
Senior Connections Strategy & Reform Manager

Programme Implementation & Communications

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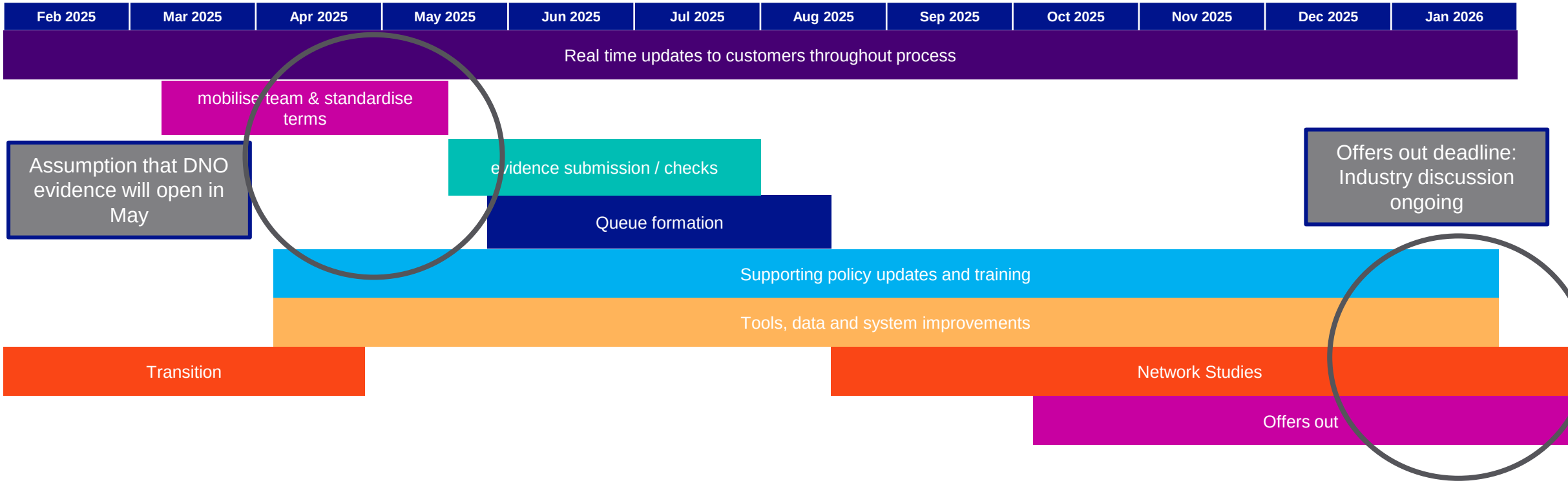
Resourcing Strategy | Draft Implementation Plan – Based on the latest assumptions of the Ofgem Decision & legal timescales (this could change if the decision does not come in April)



Evidence Checks

Checking land & planning documents
Checking M7 evidence reporting Gate 2 status

Data & Digital Improvement

Queue & milestone reporting
Data improvements
Development of key reform tools
Creation of longer-term strategies

T/D Interface

Reorder the queue
Prepare T/D data
Curtailment reports
Appendix G responsibility
Complete strategic allocation checks
Provide data for external reporting

Engineering

Network studies
Define assets for contracts
Define assets for wider reinforcement
Longer term evidence checks

Contract and Commercial

Legal lines to take
Customer comms
Contract management
Standardised Ts & Cs

Customer Support

Complaints
Queries
Legal escalations
Customer materials
Customer comms

Policy & Training

Own & update existing policies
Design new policies
Lead policy change across industry
Rollout training to teams on policy

CUSC Modifications| NGED Position

CUSC MOD No	Purpose
CMP446: Raising the TEA Threshold	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 released yesterday and was open until 17th March. It is the intention that this modification will be implemented prior to CMP435. www.neso.energy/calendar/cmp446-code-administrator-consultation
CMP448: Introducing a Progression Commitment Fee (PCF) to the Gate 2 Connections Queue	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. The PCF is an additional financial security intended to ensure projects in the Gate 2 Queue are progressing. The PCF is triggered once connections with a combined total 6,000MW are terminated from the Gate 2 queue. All projects would be expected to pay £2,500/MW. The PCF increases every 6 months to a maximum of £10,000/MW. The consultation closed yesterday (7th April) https://www.neso.energy/industry-information/codes/cusc/modifications/cmp448-introducing-progression-commitment-fee-gate-2-connections-queue

Further information on these code modifications is available on NESO's website.

Upcoming Comms| Request for information from customers

What?	Why?

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.
 	
This request will include the following:
 	
• Confirmation of project contact details
• Do you intend to:
  ○ 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?
	Having incorrect project or contact information could slow down the processing of your project or even disadvantage your final position in reform.
	
	With more information about your intentions ahead of evidence submission, we can predict and better prepare for implementation.

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

Upcoming Events

- **Connections: Reform Webinar**
  Tuesday 13th May, Online Webinar

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

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