



Consultation Response

**CMP434: Implementing
Connections Reform**

November 2024

About us

Since 1978, Solar Energy UK has worked to promote the benefits of solar energy and to make its adoption easy and profitable for domestic and commercial users. A not-for-profit association, we are funded entirely by our membership, which includes installers, manufacturers, distributors, large-scale developers, investors, and law firms.

Our mission is to empower the UK solar transformation. We are catalysing our members to pave the way for 70GW of solar energy capacity by 2035. We represent solar heat, solar power and energy storage, with a proven track record of securing breakthroughs for all three.

Respondent details

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 - ♦ **Would you like this response to remain confidential:** No
 - ♦ **Submission date:** 26 November 2024
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Introduction

In response to NESO on the implementation of connections reform – we support the WACM 3 proposal for reallocating capacity based on queue position, but have concerns about the Government's potential for arbitrary intervention under the Designation process. This could disadvantage legitimate developers, particularly given the vague criteria for prioritising "new technologies" and "projects with long lead times." Greater clarity on definitions and engagement with stakeholders are needed to ensure fairness and transparency.

We also wish to highlight the differing arguments on how to proceed after establishing the Red Line Boundary (RLB): some believe developers should have greater flexibility to select project generation locations beyond the Original Red Line Boundary, while others argue in favour of making the Gate 2 criteria more stringent.

Our support for the proposed implementation approach hinges on the extent to which existing projects are grandfathered. We consider projects to be sufficiently advanced if they have connection dates on or before 2030 or have already submitted a planning application. Additionally, a key concern with the implementation is the potential delay in approving the Methodologies ahead of the go-live date, given Ofgem's requirements for consulting on Licence changes and the ESO's proposed consultation timelines for the Methodologies. We are uncertain whether all necessary steps can be completed within the required timeframe if existing projects are not grandfathered.

A critical unresolved issue is the Transmission/Distribution (T/D) interface. NESO relies heavily on DNOs for capacity delivery, but has failed to properly address how the DNO and TO boundary will function. Current inefficiencies, such as long delays in NESO assessing DNO applications and the risk of stalled DNO projects blocking viable ones, undermine the effectiveness of the reforms. TM04+ must ensure distribution-connected projects have the same opportunities as transmission projects by prioritising application dates over DNO notifications and implementing a regulated batching process.

Despite repeated concerns, NESO has yet to explain how the DNO contract process will be integrated within its reforms. Any progress has occurred behind closed doors, raising transparency issues. Effective coordination between DNOs and TOs is essential to delivering the capacity needed for net zero. Without addressing these systemic inefficiencies, the reforms risk failing to deliver a fair, transparent, and effective connection process.

Consultation Questions

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

- a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
- b) 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;
- c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
- d) 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 Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solutions against the Applicable Objectives?	Mark the Objectives which you believe the proposed solutions better facilitate:
		Original <input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM1 <input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM2 <input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM3 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input checked="" type="checkbox"/> c <input checked="" type="checkbox"/> d

		WACM4	<input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM5	<input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM6	<input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM7	<input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		<p>There is disagreement regarding how to proceed after establishing the Red Line Boundary (RLB). Some believe that developers should have greater flexibility to select project generation locations beyond the Original Red Line Boundary. This flexibility would be particularly important if the confirmed point of connection provided by National Grid significantly deviates from the indicative Gate 1 offer for new applications or if the confirmed point of connection for an existing contract remains unresolved or is located far from the initially agreed site.</p> <p>Others argue in favour of making the Gate 2 criteria more stringent. They support front-loading requirements and implementing restrictions on changes to project location (RLB) post-Gate 2. In their view, such restrictions ensure fairness and efficiency, as developers wishing to pursue a completely new site would be required to rejoin the queue. This approach discourages speculative site changes and helps maintain the integrity of the connection process.</p>	
2	Do you have a preferred proposed	<input type="checkbox"/> Original <input type="checkbox"/> WACM1	

solution?	<p><input type="checkbox"/>WACM2</p> <p><input checked="" type="checkbox"/>WACM3</p> <p><input type="checkbox"/>WACM4</p> <p><input type="checkbox"/>WACM5</p> <p><input type="checkbox"/>WACM6</p> <p><input type="checkbox"/>WACM7</p> <p><input type="checkbox"/>Baseline</p> <p><input type="checkbox"/>No preference</p>
	<p>We are in agreement with the WACM 3 proposal for reallocating capacity based on queue position, The possibility of arbitrary interventions by the Government under the Designation process is troubling, as it could negatively impact legitimate developers. The proposal's alignment with DNO processes should be reconsidered, as the current approach seems to contradict and inefficiencies.</p> <p>NESO repeatedly emphasises that this is intended as a "last resort" requirement, but the proposal does not clearly reflect that intention. While the stated reasons for project designation seem straightforward, there is a lack of clear definitions for some criteria. For example, prioritising "new technologies" is overly broad and raises concerns among those already in the queue. Developers worry that a well-progressed, viable project nearing Gate 2 could be displaced by a vaguely defined "new" technology—what qualifies as "new" remains undefined. The notion that unproven technologies might take precedence over established, reliable options</p>

		<p>like solar seems counterintuitive.</p> <p>Similarly, the prioritisation of "projects with long lead times that may be needed" is too vague, creating further uncertainty. This ambiguity undermines confidence in a transparent and equitable process. Instead of an open and fair system, it introduces the potential for well-progressed, reliable projects to be overlooked in favour of less-defined alternatives.</p> <p>We urge NESO to provide stronger, clearer definitions and engage meaningfully with stakeholders to address these concerns, ensuring the process remains fair and predictable for all developers.</p>
<p>3</p>	<p>Do you support the proposed implementation approach?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Our support for the proposed implementation approach hinges on the extent to which existing projects are grandfathered. We consider projects to be sufficiently advanced if they have connection dates on or before 2030 or have already submitted a planning application. Exempting such projects from the current gated process would make the implementation more practical. Conversely, a rushed process risks delays that could negatively impact well-advanced projects. To minimise this risk, we strongly advocate for robust grandfathering provisions.</p> <p>Additionally, our primary concern with the implementation is the potential delay in approving the Methodologies ahead of the go-live date. Given Ofgem's requirements for</p>

		<p>consulting on Licence changes and the ESO's proposed consultation timelines for the Methodologies, we are uncertain whether all necessary steps can be completed within the required timeframe if existing projects are not grandfathered. If we are to meet our Clean Power 2030 targets its vital that viable projects are protected.</p>
4	Do you have any other comments?	<p>We also wish to highlight the issue around the T/D interface remains one of the most critical and requires immediate attention given NESO's reliance on a significant portion of capacity being delivered by DNO. However, the DNO and TO boundary issue has not been adequately addressed. NESO seems to assume that once capacity is allocated to the DNOs, they will manage the progression of sites. This oversimplifies a complex situation.</p> <p>There are significant concerns about the DNO/TO interface, which remains unclear. Clear guidance on DNO/TO boundaries is essential, as it is also unclear how capacity will be allocated between transmission and distribution customers. NESO's pathways predict that 90% of solar projects will connect at the distribution level. To achieve net-zero, we need a DNO process that facilitates efficient and timely connections while avoiding punitive measures.</p> <p>The current system is riddled with inefficiencies. Once a DNO application is submitted, it can take months before NESO deems it technically competent. This delay often results in transmission projects being offered connections ahead of distribution projects, even if the latter have been in the queue longer. Moreover, there is a risk that stalled DNO sites, unlikely to progress,</p>

		<p>will remain ahead of viable projects within the same network that could commit to Gate 2. As a result, these viable projects may receive accelerated transmission dates but remain stuck behind earlier, stagnant DNO connections. This disjointed process undermines the reforms and the goal of maximizing deliverability.</p> <p>To address these concerns, the TM04+ reforms must ensure that applicants for distribution system connections have the same opportunities as transmission applicants to secure required capacity. The application date, rather than the timing of the DNO’s notification to NESO, should be the deciding factor. There is a critical need for a regulated timeline defining a specific period during which DNOs can collect data from embedded schemes meeting Gate 2 criteria and submit this information to the ESO through a batched process. This period must provide sufficient flexibility to ensure that qualified distribution schemes are assessed alongside transmission-connected projects under the newly introduced Connections Network Design Methodology (CNDM).</p> <p>The lack of integration between the DNO contract process and NESO’s reforms is a significant oversight. Despite raising this concern repeatedly, NESO dismissed it, initially suggesting the reforms wouldn’t depend on DNO sites. Now, NESO has acknowledged that DNO-delivered capacity will be central to the process, yet they still haven’t addressed these foundational issues. If progress has been made on this front, it has occurred behind closed doors—an approach that is counterproductive and undermines transparency.</p>
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5	<p>Do you agree with the Workgroup’s assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?</p>	<p><input type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <hr/> <p>No comment.</p>