Queue Management Webinar

Friday 14th May 2021

Thank you for joining this Webinar.

- This webinar will commence at 2:03pm.
- If you are unable to play the audio through your device, you can **dial in by calling +44 20 3855 5885 and using access code 582023995#**
- All microphones have been set to mute to avoid background noise.
- Please ask questions or make comments **via the chat function** throughout the meeting. The Queue Management team will be on hand to answer what they can through the chat during the presentation. There will be an opportunity half way through the presentation to pause for any questions directly for Peter. Following the presentation we will have a formal Q&A session.
- Please note that the webinar will be recorded and made publicly available on ENA's Youtube channel. Please do not turn your video on if you don't want your likeness to be recorded and shared.
- The slides from the webinar will be made publicly available on ENA's website.
- If you would like to receive information about the Open Networks Project or have any feedback you would like to submit, please get in touch with us at opennetworks@energynetworks.org.

Agenda

	Topic	Duration	Presenter	Time
1	Welcome & Introduction	2 mins	Emily Jones (ENA)	2:03pm-2:05pm
2	Introductions & Queue Management Presentation	30 mins	Peter Turner (NPG)	2:05pm-2:30pm
4	Q & A Session	20 mins	Peter Turner (NPG) Deborah Macpherson (SPEN) Will Bowen (UKPN) Rashmi Radhakrishnan (ESO)	2:30pm-2:55pm
5	Closing remarks	5 mins	Peter Turner (NPG)	2:55pm-3:00pm

Queue Management - Welcome & Introduction

Peter Turner (NPG)

Queue Management Roadmap

- Under Open Networks we have been developing improvements to existing queue management processes since 2018 with extensive stakeholder engagement and consultations.
- **2018 consultation** – providing stakeholders with a review of network companies' approach to queue management and seeking views on the approach for 2019.
  - https://www.energynetworks.org/assets/images/Resource%20library/ON18-WS2-P5%20Interactivity%20_%20Queue%20Management%20Consultation_v1.0%20(PUBLISHED).pdf
- **2019 consultation** – set out a Queue Management policy framework
  - https://www.energynetworks.org/assets/images/Resource%20library/ON19-WS2-Interactivity%20and%20Queue%20Management%20Consultation%20Document-PUBLISHED%20310719.pdf
- **2020 consultation** - sought stakeholder comments on the User Guide based previous consultations and our 'minded to' policy.
  - https://www.energynetworks.org/assets/images/Resource%20library/ON20-WS2-P2%20Queue%20Management%20Consultation%20Document-PUBLISHED%20290420.pdf
- **Publication of Final guide** : The final Queue Management User Guide builds on the consultation conclusions.
  - https://www.energynetworks.org/assets/images/ON20-WS2-P2%20Queue%20Management%20User%20Guide-PUBLISHED.23.12.20.pdf

Queue Management: result of consultation feedback

- The User Guide has been revised to address stakeholder comments and the headline changes are:
  - A simpler approach has been adopted. If milestone tolerances are exceeded, there is no intermediate stage ahead of contract termination whereby projects are moved to the end of the connection queue.
  - Greater leniency where construction has commenced. This is achieved through:
    - Changes to the later milestones.
    - Changes to cumulative delay such that it applies only to earlier milestones.
  - Further explanation and improved clarity in the User Guide including:
    - Additional description of milestones and how they are sequenced.
    - Changes to clarify how potential transmission interactions are handled.
    - Revised diagrams to illustrate the application of tolerances, cumulative delay etc.
    - Revised examples to illustrate queue management in practice.
- Network Operators will implement the revised QM process on all new of modified application received on or after 1 July 2021.
- A CUSC modification is being initiated to introduce a clause covering project progression that allows contract termination where milestones are not met.

Introduction to Queue Management

- Queue management is the process which manages contracted connections and enables:
  - Effective management of contracted projects which are not progressing against agreed milestones;
  - Avoid stalled or slow-moving projects from affecting other projects in queues; and
  - Utilise flexible resources in connection queues to better utilise the available capacity.

- The main components in respect of applying queue management are:
  - **Milestones**: benchmarks agreed between network companies and customers to measure and track project progress towards a contracted connection date.
  - **Tolerance**: provides some flexibility which recognises that some delays can lead to milestones not being achieved and provides customers with an opportunity to get their project back on track.

An example of Queue Management

- Consider the following simple example:
  - **Queue 1**: All projects are progressing against agreed milestones.
  - **Queue 2**: Project A has exceeded the tolerance, failed a milestone and their contract is terminated.
  - **Queue 3**: Project D accepts the opportunity to move up the queue and can now connect without requiring reinforcement.
- The diagrams below show the changing queue position where a project breaches the tolerance, fails a milestone and has their contract terminated.

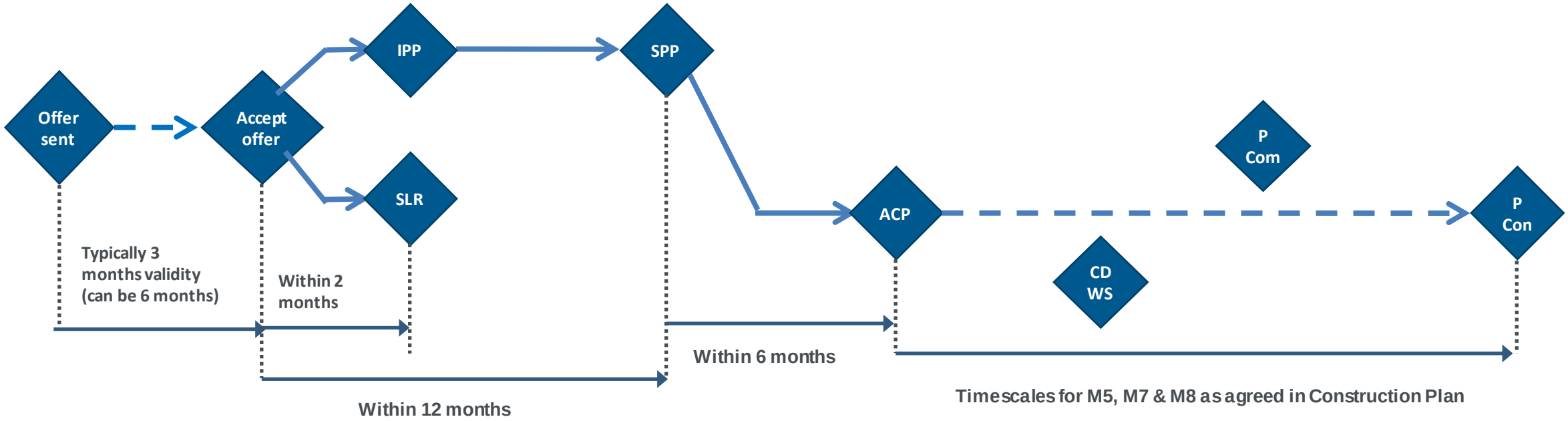
QM Milestones

- The current milestones developed in 2016 remain unchanged and a new milestone which demonstrates Project Commitment has been created. They:
  - Represent the agreed key stages requiring completion to allow the project to connect on time.
  - Are intended to be transparent and realistic and with an expectation that customers will undertake relevant project development are key stages.
  - Are supported by timescales and the requirement to provide suitable evidence.
- If the milestone, and any applied tolerance, is exceeded then this could result in contract termination.
- A high level overview of the milestones is shown in the table below.

Milestone	Action	Commencement
M1	Initiate statutory consents including Planning Permission (IPP)	From offer acceptance
M2	Secure statutory consents including Planning Permission (SPP)	From offer acceptance
M3	Secure Land Rights (SLR)	From offer acceptance
M4	Transmission interface (TSO)	From offer acceptance
M5	Contestable Design Works Submission (CDWS)	Working back from M8 and after achieving planning permission
M6	Provision and agreement of Construction Plan (ACP)	From planning permission being granted
M7	Project Commitment (PCom)	Agreed as part of M6
M8	Project Construction (PCon)	Agreed as part of M6

QM – Milestone sequence (no Environmental Impact Assessment required)

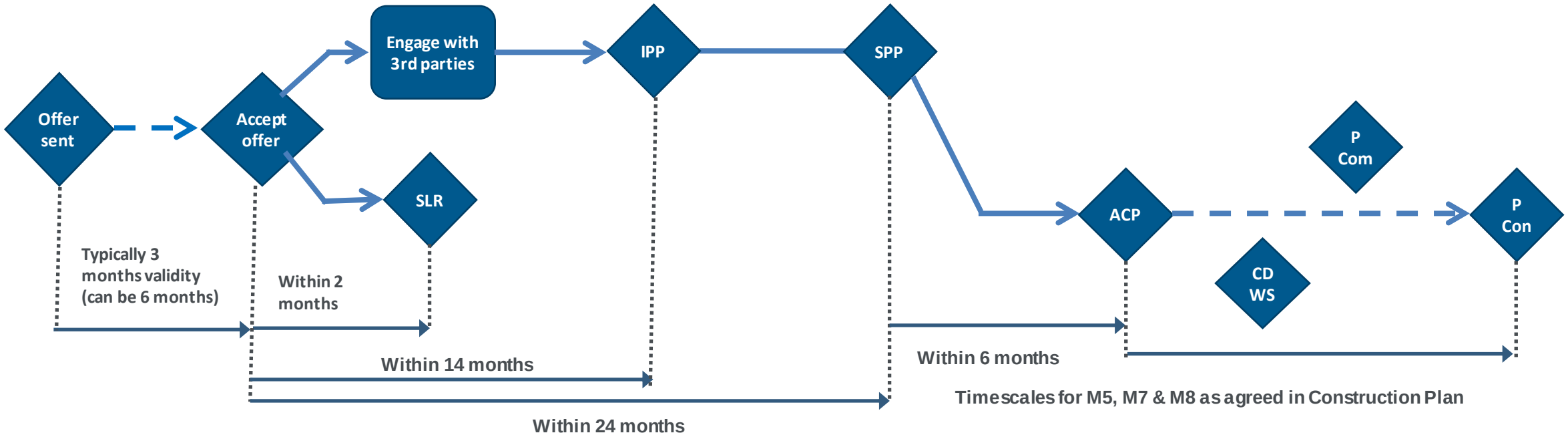
- For simplicity the diagram assumes there is no transmission impact (M4).
- QM recognises that there may be exceptional issues that customers cannot control and which may lead to project delay. This is covered on slide 15 with additional clarity that will be included in the guide.



Milestone	Action	Milestone	Action	Milestone	Action	Milestone	Action
M1	Initiate Planning Permission	M3	Secure Land Rights	M5	Contestable Design Works Submission	M7	Project Commitment
M2	Secure Planning Permission	M4	Transmission Interface	M6	Agree Construction Plan	M8	Project Construction

QM – Milestone sequence (Environmental Impact Assessment required)

- For simplicity the diagram below assumes there is no impact on the transmission system M4 (transmission interface).



Milestone	Action	Milestone	Action	Milestone	Action	Milestone	Action
M1	Initiate Planning Permission	M3	Secure Land Rights	M5	Contestable Design Works Submission	M7	Project Commitment
M2	Secure Planning Permission	M4	Transmission Interface	M6	Agree Construction Plan	M8	Project Construction

Questions

Tolerance periods and project status

- Tolerance allows customers to manage reasonable delays without the risk of having their contract terminated if they fail to meet an agreed milestone.
  - 'On Track,' – the project is proceeding within the relevant milestone periods; or
  - 'Within Tolerance' – the project has exceeded one or more of its required milestones but the Cumulative Delay (for earlier milestones), or individual milestone delays (for later milestones) do not exceed the Tolerance; or
  - 'Termination'- the project has not met a milestone(s) and the Cumulative Delay has exceeded the tolerance resulting in the initiation of the offer termination process.
- The tolerance period for a project varies by voltage level as shown in the table below.

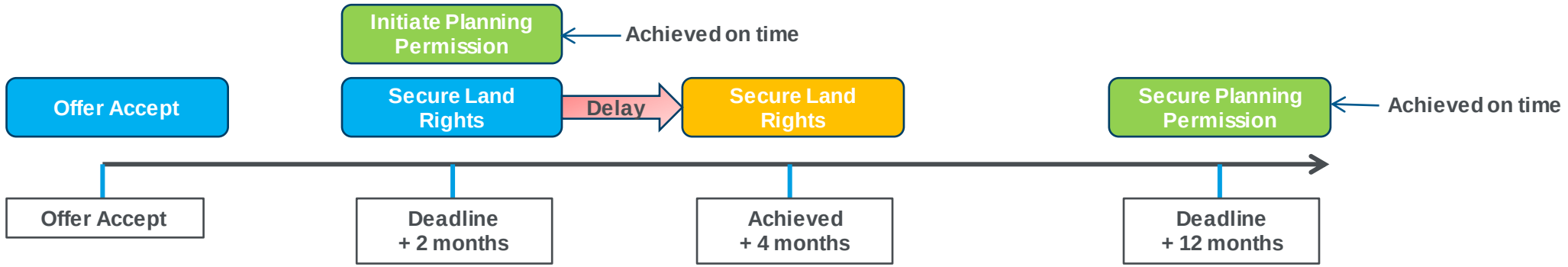
Project voltage	Project Status		
	On track	Within Tolerance	Termination
LV & HV	Milestones achieved without delay	Up to 65 working days (approx 3 months)	More than 65 working days (approx 3 months)
EHV & 132kV		Up to 130 working days (approx 6 months)	More than 130 working days (approx 6 months)
275kV, 400kV & offshore 132kV		Up to 260 working days (approx 12 months)	More than 260 working days (approx 12 months)

Cumulative delay

- There are differences to how Tolerance is applied for the earlier and later milestones.
- **Earlier milestones**: The concept of 'Cumulative Delay' is applied so that delays against milestones are added up and compared to the relevant tolerance period
  - Cumulative Delay allows the tolerance period to be applied to a single milestone or divided to manage delays across multiple milestones.
  - Where a customer project is delayed against earlier milestones the project status will change from "On Track" to "Within Tolerance".
  - If a customer project is delayed against more than one milestone at the same time, i.e. the milestones involved can be considered as concurrent and only one of these delays would add to the Cumulative Delay.
- **Later milestones** (M5, M7 & M8) are agreed as part of the Construction Plan (M6) and Cumulative Delay is not used or carried over to later milestones.
  - Not using Cumulative Delay for later milestones allows more leeway against milestone dates as a project moves into its construction phase.
- For the later milestones after a Construction Plan has been agreed, the delay against the specific milestone is compared to the relevant tolerance period to determine the project status

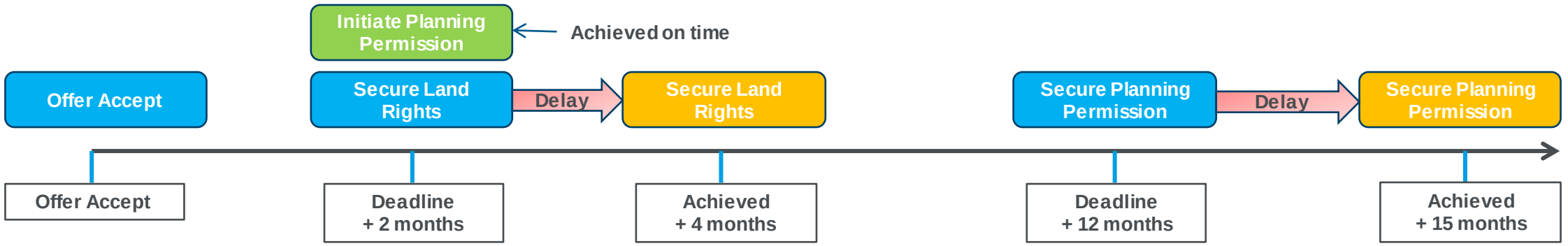
Queue Management – Cumulative Delay

- Example 1 is an HV projects with:
  - No EIA requirement; and
  - No transmission interface (M4) required.
- Secure Land Rights is delayed by 2 months which is 'Within tolerance' of the allowed 3 months.



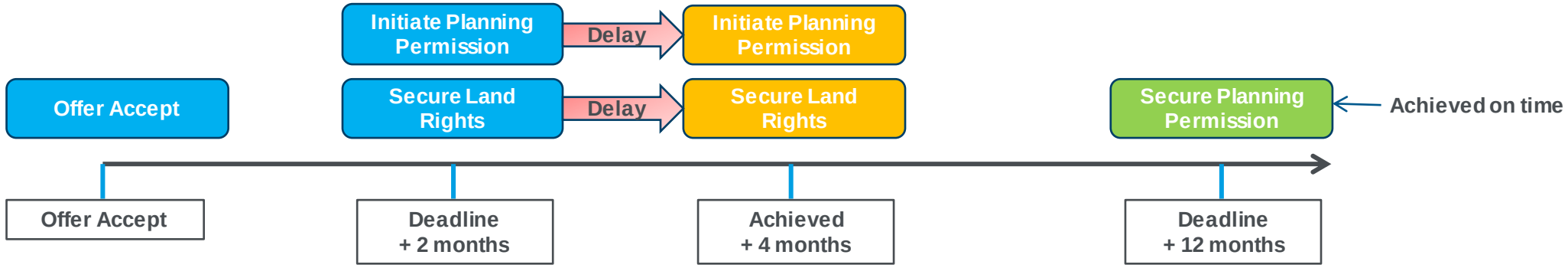
Queue Management – Cumulative Delay

- Example 2 is an HV projects with:
  - No EIA requirement; and
  - No transmission interface (M4) required.
- Secure Land Rights delayed by 2 months, Secure Planning Permission is delayed by 3 months.
- Project has exceeded the allowed tolerance and the project status is ‘Termination



Queue Management – Concurrent Delay

- Example 3 is an HV project with:
  - No EIA requirement: and
  - No transmission interface (M4) required.
- Initiate Planning Permission is delayed by 2 months and Secure Land Rights is delayed by 2 months.
- Delays are concurrent so the overall delay remains at 2 months and ther project is 'Within Tolerance' of the allowed 3 months.



Issues out with the customer's control

- Queue Management recognises that there may be exceptional issues that customers cannot control and which may lead to project delay and these include, but are not limited to:
  - Force Majeure: a contract provision that excuses a party from not performing its contractual obligations that becomes impossible or impracticable, due to an event or effect that the parties could not have anticipated or controlled.
  - Planning appeals and third party challenges (challenged through a formal appeal process).
  - Where a relevant authority places an obligation on the project which could cause the milestone/tolerance timescales to be exceed and change the project status.
  - Any delay which is caused by the network company, e.g. the customer is awaiting a required input from the network operator.
- Project experiencing delays of an exceptional nature can be placed on hold and the customer's connection terms maintained however the onus is on the customer to justify any delay.
- The customer must complies with the following conditions:
  - they discuss the specifics of the delay with the network company at the earliest opportunity; and
  - they provide reasonable evidence to justify the specific delay.
- A failure to comply with any of these conditions can result in a failure of a milestone and a change in the project status, i.e. within tolerance or termination.

Implementation Plan and Review (Q3 PID action)

Date	Action
February 2021	Open Letter published
14 May 2021	ENA Webinar to brief stakeholders on the QM Implementation Process
June 2021	Network companies make the internal process and system changes necessary to facilitate the implementation dates.
June 2021	Individual network companies to brief their own stakeholders.
July 2021	Distribution companies to apply the revised QM process to all new and modified connection applications received on or after this date.
July 2021	Transmission companies will introduce the revised QM process to all new and modified applications received for clock starts on or after this date.
July 2021	In parallel with the introduction of the QM process into BCA's a Connection and Use of System Code (CUSC) modification will be initiated.
July – Sept 2021	Identify any further steps needed for improvement

Q & A Session

Thank you for joining this webinar. To find out more or send us feedback, email us at opennetworks@energynetworks.org.

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