

Ofgem Connections Delivery Board

April 2024 Meeting Minutes

Thursday 25 April 2024 – 13:00 – 15:30

MS Teams Meeting

Attendees

Role Category	Representative	Organisation
Chair	Jack Presley-Abbott	Ofgem
Technical Secretary	David Boyer	Energy Networks Association
	Kyle Smith	Energy Networks Association
	Allan Boardman	PA Consulting
	Reece Claire	PA Consulting
Electricity System Operator	James Norman	Electricity System Operator
	David Wildash	Electricity System Operator
Chair of SCG T/D interface group	Andy Scott	SSE Distribution and Chair of the SCG
Distribution Network Operators	Mark Adolphus	UK Power Networks
	Steffan Jones	Electricity North West
	Ben Godfrey	National Grid Electricity Distribution
	Amanda Le Brooks	National Grid Electricity Distribution
	Paul Glendinning	Northern Powergrid
	Sue Neves e Brooks	SSE Distribution
UK Government	Lily Furber	No. 10
	Paul Hawker	Department for Energy Security and Net Zero
	Freddie Saunders	Department for Energy Security and Net Zero
	David Hampton	Department for Energy Security and Net Zero
CPAG Chair	Merlin Hyman	Independent Chair of Connections Process Advisory Group (CPAG)
National Governments	Jasmine Killen	Scottish Government
Transmission Owners	Scott Mathieson	Scottish Power Transmission
	Gareth Hislop	Scottish Power Energy Networks
	Annette Sloan	SSE Distribution
	John Twomey	National Grid Electricity Transmission
Connections Customer Representatives	Barnaby Wharton	Renewable UK
	Chris Hewett	Solar Energy UK
	Charles Wood	Energy UK
Energy Regulator	Shabana Akhtar	Ofgem
	Tessa Hall	Ofgem
	Klaudia Starzyk	Ofgem
	Peter Bingham	Ofgem
	Lee Wilkinson	Ofgem
	Alasdair MacMillan	Ofgem
	Liam Cullen	Ofgem
	Salvatore Zingale	Ofgem
	James Macauley	Ofgem
Ellie Ritchie	Ofgem	

Apologies

Role Category	Representative	Organisation
Electricity System Operator	Milly Lewis	Electricity System Operator
	Deborah Spencer	Electricity System Operator
	Mike Robey	Electricity System Operator
Distribution Network Operators	Graham Halladay	NG Distribution Operations Director
	Dan Randles	Electricity North West
	Kester Jones	National Grid Electricity Distribution
UK Government	Paul van Heyningen	Department for Energy Security and Net Zero
	Amber Woodward	No. 10
	Oliver Dixon	Office for Investment
	Nadya Thorman	No. 10
	Daniel Boorman	Department for Energy Security and Net Zero
	Ian Thel	Department for Energy Security and Net Zero
Transmission Owners	Christianna Logan	Scottish Hydro Electricity Transmission
	Allan Love	Scottish Power Transmission
	Paul Lowbridge	National Grid Electricity Transmission
Energy Regulator	Gillian Capewell	Ofgem
National Governments	Eleanor Hoare	Welsh Government
	Jennifer Pride	Welsh Government
CPAG	Catherine Cleary	Connections Process Advisory Group (CPAG)
Connections Customer Representatives	Eddie Proffitt	Major Energy Users Council
	Graham Panell	BayWa r.e. UK
	S Turner	Global Infrastructure Investment Bank
Code Panels	Trisha McAuley	Chair - CUSC/ Grid Code Panel
Consumer Representatives	Andy Manning	Citizens Advice

Key Summary

The April meeting of the Connections Delivery Board (CDB) was productive, this month's meeting included 3 papers for steer and 3 papers for information.

A significant emphasis was placed on the SCG proposal to alleviate congestion in the connections queue by implementing rigorous due diligence at the application stage and integrated queue management. This proposal was brought to the CDB to garner agreement on the ideas presented by the working group and to proceed with stakeholder consultation, along with any additional requirements that may need investigation for 'Competent Applications' to proceed to stakeholder consultation.

Two additional papers were discussed and presented for steer. The first addressed the restructuring of Distribution Forecasted Transmission Capacity (DFTC) by SCG, beginning with a review of its objectives and proposed adjustments in response to Target Model Option 4+ (TMO4+) developments. SCG outlined the initial scope of DFTC and its subsequent realignment with TMO4+. There was widespread support for the outlined recommendations, with participants recognising the crucial importance of stakeholder buy-in and engagement. The second paper focused on Connection Reform Package 2 from the ESO, with discussion revolving around plans to pursue a tighter interpretation of enabling works, to refine fault level assumptions and to develop more accurate generation backgrounds (CPAs).

Strategic Connections Group

Papers presented for information included two papers one being Bay Sharing, Standardisation and Substitutability from ESO and the second being Transmission Charging Reform from the SCG. The first paper covered the physical design and commercial aspects of connections to substation bays. The second addressed transmission charging reform, aiming to clarify the Terms of Reference for the Working Group and highlight inconsistencies in how transmission reinforcement costs are applied to connecting customers.

Finally, a verbal update provided by the ESO updated on the development of transitional arrangements for offers received in 2024, ahead of the reformed connection process going live in 2025.

The April CDB meeting also witnessed advancements in the data dashboard on reform impacts and benefits up to March 2024, alongside the presentation of CAP action summary slides, evaluating progress and highlighting benefit metrics.

Actions from the previous March CDB meeting were presented with no queries from the Board.

Several AOB items were discussed, including updates to the May CDB meeting schedule (moving from the final week to the third week of the month). There was also deliberation on how the CDB would operate amidst the ongoing code modification process related to TMO4+, with agreement that while its primary function would be to provide information and advice, significant issues arising from TMO4+ would be brought to the attention of the CDB, provided timing permits. Questions were also raised regarding the progression of connections and the existence of metrics to monitor the increase in non-firm connections. It was noted that although such data is not currently available in the data book, discussions indicated that all accelerated dates fall under the category of non-firm solutions.

Key dashboard highlights (data correct to end-March 2024):

SCG T&D Dashboard Summary:

- Overall, the growth in the queue and the rate of new applications continue to be extremely high, with 707GW currently in the queue; 47GW being demand and 659GW from export and storage. In March 10.38GW of new connections offers were accepted.
- The queue continues to be dominated by renewables (348GW, 49% of the queue) and storage (222GW, 31% of the queue) far exceeding GB energy needs for net zero.
- Networks are connecting customers at a greater pace than ever before.
- There remains significant capacity that networks can accommodate without delay, including over 57GW of distribution connecting customers that have no dependency on transmission works, and 38GW of transmission connecting projects that have been offered connection dates in the next three years. Actual connection of these projects will be subject to customer timelines, milestone management, attrition rates and other factors (e.g. supply chain).
- However, the significant (and growing) queue continues to result in connection delays for customers:
 - 31% of transmission offers in March met the requested connection date, with an average difference between offered and requested connection date at transmission of 34 months.
 - 65.32% of distribution capacity contracted is dependent on or being assessed for transmission reinforcements.

CDB Impacts Dashboard Summary:

- Accelerated Connection Dates: Progress has been made in accelerating connection dates for projects, primarily through technical limits at distribution and offers at transmission. 4 GW cumulative capacity across Transmission and Distribution (T&D) accelerated by an average of five years, with much more expected to follow.
- Capacity Released: Reforms, particularly for storage at distribution, have enabled more efficient use of network capacity, reducing the reinforcement needed and allowing more customers access to the network. 14.8 GW cumulative capacity released across T&D.
- Removal of Non-Progressing Projects: The queue management measures already agreed and in place have effectively removed over 8.9 GW of non-progressing projects across T&D from the queue, enhancing the efficiency of the connection process.

- Customer Service: There has been an increase in meeting requested connection dates, particularly at transmission, emphasising the need for continued focus on improving the connection process. 31% of transmission connections were offered their requested connection date as of March 2024. The average delay for the 69% of applications did not offer their preferred date is currently approximately 34 months for the month of March only.

Decisions & key actions agreed at the meeting:

- Within the CAP area summary updates, actions agreed were (1) ESO to provide an update explaining the usefulness or redundancy of specific areas of LoA Phase 2, along with details on each for CAP 3.1, (2) ESO to provide a follow up offline to be briefed to the membership as to why (CAP 3.3.1b) was flagged amber, (3) ESO to provide a follow up offline to be briefed to the membership as to why (ESO 5 Point Plan Action 2) was flagged red by the next CDB meeting, (4) ESO to give an update in the next CDB about what the TMO4+ and the Gate 2 definition decisions that are coming into code modification might mean for the alignment of queue management processes and milestones across T&D, (5) SCG to move the decision required text in the CDB pack for (ENA Add. 4 ESO Add. 3) to the core metric update column from the decision required column immediately and (6) SCG to share data broken down into technology and the level of curtailment of risk by May CDB.
- Concerning the SCG's Raise Entry Requirements paper, the SCG were happy with the steer received, contending that they have enough information to progress this further. The Board recommendation was that the SCG proceed with the development of the proposal. A specific action was noted for the SCG to investigate proforma with clear guidance needed to be thought through in development of this for May CDB
- Concerning ESO's Substation bays for information paper (re-allocation, standardisation, sharing) a specific action was given for Ofgem, ESO and TOs to have a further discussion on cost allocation, to be conducted offline by May CDB.
- For the 'for steer' paper relating to Rescoping of DFTC, there was a few concerns raised about the importance of establishing clear timeframes and the importance of ensuring a smooth transition between DNOs and ESO, there was broad support for the rescoping with no actions reported.
- Concerning SCG's paper on Transmission Charging Reform for information two actions were given for SCG, one being for the SCG to invite Chris Hewett to the discussion to address concerns about the threshold and the second for SCG to share the scoring metrics with the membership by the May CDB with clear steer from Ofgem to focus on short term options in future CDB meetings.
- For the 'for steer' paper on Connection Reform Package 2 the only action that was highlighted was for before the next CDB, ESO to produce a plan on when the team will get to an agreed timeline on when certain milestones would be hit.
- Finally, regarding the verbal update on Additional Package 6, the ESO were given the specific action to return on transitional options at the May CDB.

Meeting Notes and Actions

1. Welcome & Update from Chair

JPA

Ofgem opened the call by outlining the agenda, welcoming old and new attendees: Chris Hewett from Solar Energy UK, Amanda Le Brooks from National Grid Electricity Distribution and Freddie Saunders from Department for Energy Security and Net Zero.

and thanking them for good attendance. The agenda was discussed, with no objections or AOB raised.

2. CAP Action Area Summary Update and POAP

JPA

The summary of each CAP area was given, noting that full detailed reports were shared in the meeting pack.

Summary information included:

- Status updates
- Plan on Page
- Initiatives in design, implementation, and benefit stages
- KPIs and tracking
- Any major decisions required.

Summaries were given, taking the detailed status reports as read. Attention was therefore focused by exception, e.g. on initiatives where the RAG status was flagged as red or amber (suggesting blockers or delays to actions, respectively). Discussions (per CAP action area) included:

CAP 3.1 – Raise Entry Requirements

- Concerning *(the introduction of letters of authority (LOA) – (CAP 3.1.1))*, it was discussed that the ESO still maintains the importance of having a Letter of Authority (LOA) for new applications under TMO4+. However, there's recognition of the necessity for a LOA Phase 2 in a few specific areas. This includes offshore projects, which are not currently covered, and aspects related to red line boundaries. Areas currently considered redundant by ESO include the duplication check, as it's deemed to be completed in the Gate 2 assessment. Instead, capacity holding security is viewed as a valuable incentive as it would ensure that suitable projects progress efficiently from Gate 1 to Gate 2. There was discussion about the provision of an update paper on this in May.
 - **Action** – ESO to provide an update explaining the usefulness or redundancy of specific areas of LoA Phase 2, along with details on each. To be brought to CDB in May in the form of a paper or slides.

CAP 3.2 – Removing Stalled Projects

- There was no discussion around this CAP area, for actions are either on track or complete however a reminder was issued to the ESO that existing projects regarding CMP376 milestone have 1 month left till the deadline.

CAP 3.3 – Better Utilise Existing Network

- *(Bring forward recommendations to optimise existing network capacity for energy storage – (CAP 3.3.1b) (Inc. ESO 5PP 3, ESO 5PP 5, ENA 3S3))* was raised as the action was flagged amber. It was discussed that there was positive news as benefits were developing in England and Wales however SPT and SSET were in their progressing submission stage however it was noted that further discussions are needed.
 - **Action** – ESO to provide a follow up offline to be briefed to the membership as to why *(CAP 3.3.1b)* was flagged amber by next CDB meeting.
- *(Update background modelling assumptions) – (ESO 5 Point Plan Action 2)* was raised as the action was flagged red. Reasons for the red status were unclear and therefore it was noted that further discussion is needed offline to understand the current status.

2. CAP Action Area Summary Update and POAP

JPA

- **Action** - ESO to provide a follow up offline to be briefed to the membership as to why (ESO 5 Point Plan Action 2) was flagged red by the next CDB meeting.
- Conversations took place to determine which metric updates corresponded to which Action IDs within CAP 3.3. There was confusion regarding whether actions in CAP 3.3.1b should be linked to ESO 5 Point Plan Action 2 or retained within CAP 3.3.1b.
 - **Action** - Technical Secretary to clarify the alignment of metric updates and actions within CAP 3.3, ensuring a clear understanding of which metrics correspond to which Action IDs to be briefed to the membership by next CDB meeting.

CAP 3.4 - Better Allocate Available Network Capacity

- The CAP action (*Effectively allocate network capacity released in short-term*) CAP 3.4.1 (Inc. ESO Additional 5 (Package 1)) was discussed regarding the timeline for the SCG action as it was delayed due to TMO4+ interaction.
 - **Action** – ESO to give an update in the next CDB about what the TMO4+ and the Gate 2 definition decisions that are coming into code modification might mean for the alignment of queue management processes and milestones across T&D.
 - **Action** – SCG to share at next CDB the new timeline for delayed action due to TMO4+ interaction.

CAP 3.5 – Improve Data & Processes; Sharpen Obligations & Incentives

- The CAP action (*Assess and convey transmission impacts of distribution connections – (CAP 3.5.2)*), which involves a process to reserve transmission network capacity for connections of distribution customers that would impact the transmission network, was flagged as amber. It was recognised that there were some implications to the model that the group is looking through as well as what the guidance would look like which will continue to be updated in line with the DFTC and the TMO4+ designs.
- There was a verbal update on the single digital view of connections.
- (*Sharing queue data across the T/D boundary – (ENA Add. 4 ESO Add. 3)*) was raised as the specific decision required lacked clarity. SCG acknowledged that both the single view and DTFC designs pertain to data decisions. As these designs progress, the SCG are likely to necessitate a decision. Therefore, it was agreed to relocate the decision requirement to the core metric update column.
 - **Action** – SCG to move the decision required text in the CDB pack for (*ENA Add. 4 ESO Add. 3*) to the core metric update column from the decision required column immediately.
- The technical limits were discussed in a meeting by the ESO to get feedback from the industry to see how to make the technical limits work which is about clarity of rollout and the quality and consistency of data by DNOs to enable developers make effective judgements. It was discussed that despite the level of curtailment being present in some of the data the breakdown by technology was not shown.
 - **Action** – SCG to share data broken down into technology and the level of curtailment of risk by May CDB.

CAP 3.6 – Longer-term models; align with strategic planning

- Strategic CPAG was discussed, noting that a workshop between Ofgem, DESNZ and ESO has been proposed for early May, signalling a move towards regular strategic planning sessions.
- CAP actions 3.6.1, 3.6.2 and 3.6.3 (*Ensure connection process is integrated with strategic planning, ensure collaborative approach between the Transmission Acceleration and Connections Action Plans, ensure coordination with future market reforms under REMA*) was noted as being amber. This was due to uncertainty in the timescales for TMO4+ however a workshop has been proposed for early May to clarify timescales.

CAP 3.7 – Additional Areas Not Mapped

- There was no discussion around this CAP area, for actions are on track and discussed in the papers.

The plan on a page (POAP):

2. CAP Action Area Summary Update and POAP			JPA
<ul style="list-style-type: none"> There was no discussion around the plan on a page 			
New Actions			
1	CAP 3.1 - ESO to provide an update explaining the usefulness or redundancy of specific areas of LoA Phase 2, along with details on each. To be brought to CDB in May in the form of a paper or slides.	May CDB	ESO
2	ESO to provide a follow up offline to be briefed to the membership as to why (CAP 3.3.1b) was flagged amber by next CDB meeting.	May CDB	ESO
3	ESO to provide a follow up offline to be briefed to the membership to why (ESO 5 Point Plan Action 2) was flagged red by the next CDB meeting.	May CDB	ESO
4	Technical Secretary to clarify the alignment of metric updates and actions within CAP 3.3, ensuring a clear understanding of which metrics correspond to which Action IDs to be briefed to the membership by next CDB meeting.	May CDB	Technical Secretary
5	ESO to give an update in the next CDB about what the TMO4+ and the Gate 2 definition decisions that are coming into code modification might mean for the alignment of queue management processes and milestones across T&D.	May CDB	ESO
6	SCG to provide a new timeline for CAP 3.4, for the action delayed because of TMO4+ interaction.	May CDB	SCG
7	SCG to move the decision required text in the CDB pack for (ENA Add. 4 ESO Add. 3) to the core metric update column from the decision required column immediately.	Immediately	SCG
8	SCG to share data broken down into technology and the level of curtailment of risk by May CDB.	May CDB	SCG

3. Specific Updates from the 6 CAP areas (papers)

PG, JN, BG,
SN, Board

CAP 3.1.2 – Raise Entry Requirements – For Steer

SCG provided a proposal to reduce congestion in the connections queue through the implementation of a robust foundation of due diligence at the application stage and integrated queue management. The phase barriers to entry were removed from consideration due to public relations concerns and instead replaced with refining and revising applications. SCG sought a steer to get an agreement on the ideas brought forward through the working group, and agreement to proceed with the stakeholder consultation outlined as well as any additional requirements which could be investigated for 'Competent Applications' to gain agreement to seek stakeholder consultation.

Clarifications were sought from the board, and included:

- The board inquired about any scale cap and how projects would be identified. It was confirmed that projects above 1MVA would generally be considered, although some smaller projects, such as solar projects at 1MVA, might also be included.
- The board's feedback underscored the significance of SCG to consider local landowners and non-expert stakeholders within the developer community, particularly for smaller projects.
- Questions were raised about the exclusion of transmission costs and the realism of initial budgets. Concerns were expressed about the usefulness of data considering the potential for changes over time.
- Members discussed the long-time frames and rapid equipment changes, emphasising the need for early queries despite the evolving nature of technology.
- Queries were raised about the target audience and whether research had been conducted into customer demographics.
- A query was raised regarding the type of projects intended to be influenced by increasing the entry requirements.
- Questions were raised about implementing a capacity holding charge at the distribution level and ensuring consistency with transmission requirements.
- Concerns were raised about the clarity of barriers to entry and the need for consistent guidance across DNOs.
 - **Action** – SCG to investigate proforma with clear guidance needed to be thought through in development of this for May CDB

In conclusion, the steer from the board was to proceed, ensuring stakeholder engagement is a key priority and taking into consideration the suggested recommendations. SCG were happy with the steer received, contending that they have enough steer to progress this further.

CAP 3.3.1a – Substation bays (re-allocation, standardisation, sharing) – For information

The discussion primarily focused on the physical design and commercial aspects of connections to substation bays. Both aspects – physical design and commercial aspects – were deemed essential. There was agreement on the importance of considering practical aspects such as capacity size and the possibility of reallocation of bays, with emphasis on efficient bay sharing methods and standardisation of bay / substation designs to streamline processes. Potential changes to the codes to facilitate this were also discussed.

Cost implications of standardisation were acknowledged, with considerations raised about timing and commercial implementation. The potential impact of TMO4+ on bay allocation was highlighted, suggesting a shift in approach with the introduction of new projects. Bay sharing practicalities were thoroughly examined, with attention given to compliance and the need for subtle commercial considerations. Standardisation was deemed crucial for designing future bays, distinguishing between existing and new builds.

3. Specific Updates from the 6 CAP areas (papers)

PG, JN, BG,
SN, Board

Questions were raised about cost allocation and the decision-making process for bay reallocation. There was a consensus on moving away from a tightly defined process and allowing for discretion in decision-making.

Concerns/Clarifications

- Participants enquired about the timeline for implementation and the speed at which issues would be addressed. It was clarified that while there is a commercial imperative to implement plans as soon as possible, the timeline for making physical changes needs to be considered as well but will depend on the specific circumstances, eg the stage of development of a project before its bay is reallocated.
- Questions were raised regarding the process of bay reallocation and its relationship with ESO reform options. The ESO clarified that capacity for bay reallocation would be considered before the introduction of TMO4+ if there were project terminations. If and when TMO4+ is implemented, projects that haven't met Gate 2 would lose their currently allocated bay.
- Concerns were expressed about the practicality of bay sharing, particularly regarding different subsidy arrangements and technical issues related to grid compliance. Ensuring each customer's accountability and avoiding interference with shared bays were highlighted.
- Discussion centred on the need for distinguishing between existing substations and new builds in bay standardisation efforts.
- Participants sought further clarification on cost allocation, requesting more examples and details to make informed decisions.
 - **Action** – Ofgem, ESO and TOs to have a further discussion on cost allocation, to be conducted offline by May CDB.
- Questions were raised about how reallocation decisions would be made, whether unilateral decisions would be taken, and if customers would be given options. The ESO indicated a move away from highly specified processes, emphasising joint decision-making with Transmission Owners (TO) to ensure the best outcomes.
- Concerns were expressed about making commercial decisions on behalf of customers, with suggestions for future flexibility in queue management.
- Participants discussed the potential impact of Modapps, ie whether bays should be reallocated following a mod app. It was confirmed that customers that mod app'd would still be subject to the same queue management milestones (unless they had secured an exemption) and so any termination process would lead to capacity reallocation.

Overall, the discussion was seen as a positive step, with potential for further refinement and progress in proposals.

CAP 3.5.2 – Rescoping of Distribution Forecasted Transmission Capacity (DFTC) – For Steer

The discussion began with a recap of the objectives of DFTC, and the adjustments proposed by the SCG in response to TMO4+ developments. These modifications aim to strike the right balance in implementing TMO4+. With this background, the SCG outlined the initial scope of DFTC and its subsequent adjustment to align with TMO4+. The revised DFTC process proposed by the SCG would follow this structure:

- Provides a mechanism for more strategic network planning in relation to connections through provision of data this will reduce delays when connecting customers due to network build; and
- Is a proxy for a 'standard' Gate 1 and so avoids Relevant Embedded Small/Medium Power Stations needing to await the next application window to get a contract with an indicative connection date (from a Transmission perspective) this will speed up the time for a customer to get their initial gate 1 offer as DNOs will be able to offer an indicative connection date and location without reference to transmission.
- Mean that small and medium DER Power Station distribution customers will not receive a firm transmission outcome as quickly as the previously developed DFTC but will ensure better T&D alignment and enables the wider benefits under TMO4+.

There was broad support for the recommendations outlined above, with participants acknowledging the critical importance of buy-in and engagement from stakeholders. Considerations raised and discussed

3. Specific Updates from the 6 CAP areas (papers)

PG, JN, BG,
SN, Board

included the necessity for engagement to ensure understanding of how the process would function and to establish clear procedures between Distribution Network Operators (DNOs) and the Electricity System Operator (ESO).

Concerns/Clarifications:

- Concerns were raised regarding the engagement process and how the proposed system would function. SCG addressed this by noting that while engagement was conducted based on TMO4+, the previous process yielded quicker outcomes for customers, thus not requiring extensive consultation. However, it was emphasised that ongoing engagement would be essential, and any potential issues should be closely monitored.
- Participants highlighted the importance of ensuring a smooth transition between DNOs and the ESO when a distribution connection reaches Gate 2. The concern was that if this process is not streamlined, customers could experience delays and disruptions in the transmission queue. It was recommended that a clear set of rules and processes be established to facilitate smooth and efficient collaboration between DNOs and the ESO, with strong industry engagement being crucial. The suggestion was made to cover this aspect with a specific code modification to allow for detailed input from stakeholders.
- Concerns were raised about potentially diluting the benefits of DFTC within the TMO4+ process. Members questioned whether the final rule book is required for the code modification or if the code modification itself allows for the existence of the rule book, which would be amended throughout the process. The ESO confirmed that the code modification sets the framework for this process.
- Questions were raised regarding the application of the proposed process to demand connections and whether there would be a minimum threshold. The ESO clarified that the existing 1MVA threshold would apply. Additionally, similar processes would provide forward visibility and strategic work, aligning with how demand connections are managed.
- Participants emphasised the importance of establishing clear timeframes, expressing concerns about the lack of visibility regarding when information would be provided. Clear timeframes were deemed essential for effective planning and execution.

CAP 3.5.4 – Transmission Charging Reform – For information

The SCG provided an overview of the paper's purpose, which aimed to address inconsistencies in how transmission reinforcement costs are applied to connecting customers. The SCG outlined the options proposed by the Working Group to resolve these inconsistencies and deliver value for connecting customers.

The SCG highlighted inconsistencies in the approach to transmission charging reform and proposed solutions categorised into short-term and long-term options. The proposed best solution was:

- Option A: Fully socialise transmission connection works through the distribution price control, Distribution Use of System (DUoS).

This was followed by:

- Option D: Pass transmission connection costs to connecting customers based on a Capacity (MW) Cap and a standard cost per MW above the cap. Costs below the threshold would be socialised through DUoS.
- Option E: Short-term solution involving Distribution Network Operators (DNOs) working together to improve inconsistencies across Great Britain (GB) and make improvements to the current Connection Charging Methodology Statement (CCMS) wording.

Clarifications were sought from the board, and included:

- The significance of the threshold for solar connections, particularly concerning the complexity of small solar farms with private wire connections adjacent to factories. There was a call for strong justification for the threshold, given these complexities.
 - **Action** - The SCG to invite Chris Hewett to a discussion to address concerns about the threshold.

3. Specific Updates from the 6 CAP areas (papers)

PG, JN, BG,
SN, Board

- Agreement on socialising the costs, but concerns were raised regarding the consistency of short-term changes in Option E across DNOs without it being mandated. There was scepticism about how this consistency will be achieved.
- Distortion between distribution and transmission commissions was highlighted, despite them being two different systems. There was a desire for consistency in the approach between infrastructure assets and connection assets. Efforts were deemed necessary to bring transmission and distribution principles closer together and treat them as closely as possible.
- Queries were raised regarding the rationale behind choosing certain options over others. The SCG employs scoring metrics to evaluate options and arrive at decisions.
 - **Action** – SCG to share the scoring metrics with the membership by the May CDB.
- Concerns were expressed about the next steps, timescales, and the process for reaching a conclusion, acknowledging that it might take a considerable amount of time. The SCG was tasked with providing guidance on how to progress, conducting further reviews of the impacts of the options, particularly Option A, and aligning them with the DFTC and TMO4+ obligations. Standardisation of approach was emphasised.
- While short-term Option E was agreed upon by the board, there was a consensus to explore all long-term options, not limiting consideration to Options A and D in the future.
- It was discussed that the scope of the work to be addressed in the CDB should primarily focus on short-term considerations. However, it was emphasised that short-term options should still be brought to the attention of the membership for discussion, while long-term discussions would be held in the relevant areas.

Connection Reform Package 2 – For Steer

The ESO presented the plan to pursue enabling works option 2 which is in general limiting enabling works up to the MITS Substations but allowing for clear and transparent exceptions where such works could extend beyond the MITS Substations. ESO also proposes developing more realistic generation backgrounds (CPAs) for fault level assessments. ESO also stated that with CPAs they are working to have the relevant data to run CPAs better aligned with FES and embedded projects would be included in this. In summary, the proposal is to take forward detailed work around all these areas with TOs with the intention to have all assessments and models in place ready for TMO4+ and applicable to projects that make it through Gate 2.

Clarifications were sought from the board, and included:

- It was discussed the most important decision was scope of enabling works and turning the work programme into a robust set of milestones; it was also mentioned that stripping back the enabling works would impact constraint costs, details of what this would look like would be needed. ESO responded by mentioning the economic modelling would be needed to consider solutions.
- It was also asked if it was taken into consideration different types of generations, for example solar farms have a MW marked but that is only the capacity at mid-day at certain conditions. ESO mentioned CPAs took into consideration these conditions and it is part of the process. Further questions were raised on whether the ESO looks at these retrospectively in the same way. ESO confirmed that they are not looking into changing anything that is existing but are looking at the behaviour and impact of existing connected parties.
- Understand the timeline in more detail including when certain milestones are hit, aligning all TOs with the definitions and understanding the benefits for connection dates.
 - **Action** - Before the next CDB ESO to produce a plan on when the team will get to an agreement timeline and when certain milestones will be hit.

ESO Additional Package 6 verbal update – For Update

Package 6 was initially conceptualised as a prelude to connection reform, aiming to identify any measures that could be taken to ensure efficient transition to reformed arrangements when these go live.

3. Specific Updates from the 6 CAP areas (papers)

PG, JN, BG,
SN, Board

- The ESO expressed a desire to transition to a new process and proposed steps to efficiently move towards it. This included exploring the possibility of offering a Gate 1-style offer in the interim before transitioning to TMO4+.
- There was discussion about the importance of baselining the outcomes if no action is taken. Additionally, the benefits for customers in submitting offers during this period were questioned. The ESO highlighted concerns about the economic impact of implementing a moratorium and suggested a light touch offer as a middle ground solution that still provides capacity.
- Suggestions were made to explore the concept of a moratorium and set clear terms for its implementation. Lessons from previous two-stage offers were considered, aiming to resolve the situation creatively. The pros and cons of implementing a moratorium were proposed to be evaluated.
 - **Action** – ESO to return on transitional options at the May CDB
- It was emphasised the importance of understanding what constitutes a light touch offer and seeking input from industry representatives to determine its value. The middle ground solution was scrutinised to ensure it adds value for customers, with a focus on understanding its purpose.

Further exploration of the moratorium and the light touch offer, including evaluating their pros and cons, is deemed necessary. Industry engagement and clear terms for implementation will be crucial in determining the feasibility and value of these approaches.

New Actions

8	SCG to investigate proforma with clear guidance needed to be thought through in development of this for May CDB	May CDB	SCG
9	Ofgem, ESO and TOs to have a further discussion on cost allocation, to be conducted offline by May CDB.	May CDB	ESO
10	The SCG to invite Chris Hewett to the discussion to address concerns about the threshold.	May CDB	SCG
11	SCG to share the scoring metrics with the membership by the May CDB.	May CDB	SCG
12	Before the next CDB, ESO to produce a plan on when the team will get to an agreement timeline on Package 2 and when certain milestones will be hit.	May CDB	ESO
13	ESO to return on transitional options at the May CDB	May CDB	ESO

4. Review of KPI development and monitoring

DB

The discussion on KPI development and monitoring comprised a run through of two main slides, the SCG developed joint T&D dashboard highlighting key data trends and the updated CDB dashboard containing the impacts of various reforms across the connection process.

SCG T&D Dashboard Summary:

- Overall, the growth in the queue and the rate of new applications continue to be extremely high, with 707GW currently in the queue; 47GW being demand and 659GW from export and storage. In March 10.38GW of new connections offers were accepted.
- The queue continues to be dominated by renewables (348GW, 49% of the queue) and storage (222GW, 31% of the queue) far exceeding GB energy needs for net zero.
- Networks are connecting customers at a greater pace than ever before.
- There remains significant capacity that networks can accommodate without delay, including over 57GW of distribution connecting customers that have no dependency on transmission works, and 38GW of transmission connecting projects that have been offered connection dates in the next three years. Actual connection of these projects will be subject to customer timelines, milestone management, attrition rates and other factors (e.g. supply chain).
- However, the significant (and growing) queue continues to result in connection delays for customers:
 - 31% of transmission offers in March met the requested connection date, with an average difference between offered and requested connection date at transmission of 34 months.
 - 65.32% of distribution capacity contracted is dependent on or being assessed for transmission reinforcements.

CDB Impacts Dashboard Summary:

- Accelerated Connection Dates: Progress has been made in accelerating connection dates for projects, primarily through technical limits at distribution and offers at transmission. 4 GW cumulative capacity across Transmission and Distribution (T&D) accelerated by an average of five years, with much more expected to follow.
- Capacity Released: Reforms, particularly for storage at distribution, have enabled more efficient use of network capacity, reducing the reinforcement needed and allowing more customers access to the network. 14.8 GW cumulative capacity released across T&D.
- Removal of Non-Progressing Projects: The queue management measures already agreed and in place have effectively removed over 8.9 GW of non-progressing projects across T&D from the queue, enhancing the efficiency of the connection process.
- Customer Service: There has been an increase in meeting requested connection dates, particularly at transmission, emphasising the need for continued focus on improving the connection process. 31% of transmission connections were offered their requested connection date as of March 2024. The average delay for the 69% of applications did not offer their preferred date is currently approximately 34 months for the month of March only.

Action – Technical Secretariat to check the average time difference between offered and requested date (T) account for zeros of the 31% that did hit their date.

Action – Technical Secretariat to publish SCG T&D Dashboard summary slides alongside Minutes

New Actions

14	Technical Secretariat to check the average time difference between offered and requested date (T) account for zeros of the 31% that did get their date.	May CDB	Technical Secretariat
15	Technical Secretariat to publish SCG T&D Dashboard summary slides alongside Minutes.	Ongoing	Technical Secretariat

5. Outstanding actions from the previous meeting

DB

The segment on outstanding actions began with a review of the progress made on previously identified actions. It was noted that no outstanding actions were marked as red, indicating critical attention was not required immediately.

6. AOB, CDB Schedule, and date of next meeting

JPA

There were few AOB topics:

- Meeting Schedule and Agenda for Next Meeting - The update to the CDB meeting schedule was noted, with a move from the last week to the third week of the month for May given availability of members.
- Discussions revolved around how the CDB would function amidst the ongoing code modification process related to TMO4+. Clarifications were sought regarding the role of CDB in TMO4+, specifically whether it would serve solely for updates or also provide guidance. It was agreed that while the primary function would be to provide information and advice, significant issues arising from TMO4+ would be brought to the attention of CDB, provided the timing permits.
- Questions were raised regarding the progression of connections and whether metrics were in place to monitor the increase in non-firm connections. It was noted that while such data is not currently available in the data book, discussions indicated that all accelerated dates fall under the category of non-firm solutions.

The chair thanked the board for attendance and closed the meeting.