Modification proposal:	Connection and Use of System Code (CUSC) CMP427: Update to the Transmission Connection Application Process for Onshore Applicants (CMP427)
Decision:	The Authority[1] directs that the Original Proposal of this modification be made[2]
Target audience:	National Grid Electricity System Operator (NGESO), Parties to the CUSC, the CUSC Panel, Applicants, and other interested parties
Date of publication:	15 March 2024
Date of implementation:	28 March 2024

Summary of our decision

CMP427 is a CUSC code modification which aims to raise the entry requirements to the transmission connection queue. We have approved the Original Proposal, which will see a landowner Letter of Authority ('LoA') requirement introduced into the CUSC alongside the other existing application criteria. Failure to meet this additional requirement will result in a connection application being rejected.

As a result of our approval of the Original Proposal, from the Implementation Date of this code modification, new onshore connection Applicants will be required to provide evidence that they have met the landowner LoA requirement.

[1] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.
[2] This document is notice of the reasons for this decision as required by Section 49A of the Electricity Act 1989.

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1. Background

1.1. National Grid Electricity System Operator ('NGESO') operates the electricity transmission system in Great Britain ('GB'). When a party wishes to connect to the transmission system (eg a generation or demand customer, known as an 'Applicant'), it makes an application to NGESO. If the application criteria are met, NGESO issues an offer detailing the terms of connection and the Applicant then becomes a 'User' – a party to the CUSC.

1.2. At this stage, the User secures their position in the transmission queue, which is held according to their date of acceptance of their connection offer. Users that contract earliest are prioritised for the use of capacity (when it becomes available) over Users that contract later. This makes it desirable for Applicants to submit their applications as early as possible, to secure the earliest possible queue position and correspondingly earlier connection dates.

1.3. To date, the entry requirements in place for Applicants to obtain connection contracts have been low. To have an application treated as effective (ie accepted by NGESO), Applicants are required to complete and submit: a connection application form, the Data Registration Code template, and pay an application fee.

1.4. It is anticipated that these low barriers to entry, along with the prioritisation of connection dates by reference to when contracts are accepted, have enabled and potentially incentivised Applicants to submit connection applications early, even if the project itself is speculative or even unviable in nature.

Impacts and justification for reform

1.5. Over recent years, an increasing number of connection applications has resulted in a tenfold increase in connection offers made by NGESO per year.[3] The transmission generation and storage connection queue has been growing by rates of up to 40GW a month.

1.6. As of the end of January 2024, 514GW of projects held connection agreements at transmission, which is an increase of over 250GW over the last

[3] NGESO Connections data, as at May 2023.

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11 months.[4] This is far in excess of what is estimated to be needed to meet the growing electricity demand and to achieve net zero.[5]

1.7. Further, NGESO's report of a 60-70% attrition rate of queued projects demonstrates the prevalence of speculative applications.[6] This high rate means that a significant proportion of projects seeking a connection will never connect.

1.8. The size of the queue and rate of new applications (speculative or not) has led to an average delay of over five years for projects applying to connect to the transmission system. The average gap between requested and offered dates has widened from around 18 months (2019-20) to almost 5 years (2024) and as of January 2024, over 65% of the 514GW of new generation capacity holding transmission connection contracts have connection dates of 2030 or beyond – with some as late as 2039.[7]

1.9. Connection delays can exacerbate the problems set out above, as Applicants become more inclined to submit their applications early to mitigate against a distant connection offer date.

1.10. The delivery of wider network infrastructure will continue to determine some customers' connection dates. The size of the queue and high rate of speculative applications leads to the need to design a network that takes time to deliver – however, much of this will not ultimately be required due to the significant proportion of projects that will not end up connecting. This distortion between anticipated connectees and actual connectees is then reflected in the connection dates offered to customers and drives up network costs.

Actions taken to date

1.11. In May 2023 we set out in an open letter the problems with the connections process; our objectives, outcomes and principles for reform; and the illustrative stages of reform we envisioned. We subsequently published the Connections Action Plan ('CAP') alongside government in November 2023, which sets out a framework of actions and highlights areas for further

[4] NGESO Connections data, as at January 2024.
[5] Energy and Emissions Projections: 2021-2040 DESNZ, 2023. Annex O: Total electricity generating capacity. Not all projects with connection agreements will connect, and technology make-up required will differ.
[6] NGESO Connections Reform Consultation, June 2023, at page 9.
[7] Open letter on future reform to the electricity connections process | Ofgem; NGESO data.

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ambition to drive reform and reduce connections timescales. It draws together all of the initiatives already underway by network companies and NGESO.

1.12. One action area highlighted in the CAP is to raise the entry requirements (Chapter 3.1) and one specific action within this is for NGESO to rapidly bring forward a landowner Letter of Authority (LoA) requirement for transmission connection applications.[8] There is currently no need for a project developer to evidence discussions with the landowner(s) before applying for a grid connection. There have been instances where landowners are unaware that connection offers have been accepted for projects that would have to be located on their land. Distribution connections applications already have LoA requirements in place.

1.13. CMP427 was raised by NGESO in response to this CAP action.

2. The modification proposal

CMP427

2.1. CMP427 'Update to the Transmission Connection Application Process for Onshore Applicants' was raised by NGESO (the 'Proposer') on 15 December 2023.

2.2. The Proposer made a case for urgency on the basis of urgency criterion (a) *A significant commercial impact on parties, consumers or other stakeholder(s)*.[9] The protection of the interests of consumers and the government's net zero targets were cited as reasons for pursuing urgent treatment. At the CUSC Panel (the 'Panel') meeting on 15 December 2023, the Panel members unanimously agreed to recommend to the Authority that CMP427 should be progressed as an urgent code modification proposal.[10]

2.3. On 20 December 2023, we agreed with the Panel's recommendation to progress CMP427 on an urgent basis and timeline.[11]

2.4. CMP427 proposes that a landowner LoA should be required by Applicants alongside the existing application criteria for new Onshore Transmission Connection Applications. This necessitates Applicants providing evidence of

[8] Connections Action Plan Ofgem and DESNZ announce joint Connections Action Plan | Ofgem.
[9] Urgency Guidance (ofgem.gov.uk).
[10] CMP427: Update to the Transmission Connection Application Process for Onshore Applicants | NGESO (nationalgrideso.com).
[11] Decision on urgency treatment of CMP427: Update to the Transmission Connection Application Process for Onshore Applicants | Ofgem;
Urgency Guidance (ofgem.gov.uk).

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confirmation that the project developer has either formally engaged in discussions with the landowner(s) in respect of the rights needed to enable the construction of the developer's project on their land, or to demonstrate that the project is the landowner.

2.5. CMP427 presents an Original Proposal and three Workgroup Alternative Code Modifications ('WACM's). The Implementation Date suggested for CMP427 is 10 Working Days following the Authority's decision.

2.6. CMP427 will also be accompanied by NGESO guidance. NGESO have informed us that this will be published prior to the Implementation Date of CMP427 and is intended to enable parties to understand how the new LoA requirement will work in practice. Having discussed with NGESO, we are aware of the approaches it intends to take in relation to key aspects of the implementation and ongoing management of the LoA. As such, we make reference to these positions and how they will be reflected in the published guidance in our decision below, despite assessing CMP427 on its own merits in this decision.

2.7. One key aspect of this is the Energy Land Density table, which will be used as a guide in verifying LoAs to ensure that sufficient land is accounted for. Applicants should seek to acquire LoAs sufficient to the minimum area of land required as per the Energy Land Density table to avoid delay or rejection of their application.

2.8. We understand that, as the Energy Land Density table will sit in the accompanying NGESO guidance document, it may be updated by NGESO periodically. However, NGESO has committed that no such changes will be made to the Energy Land Density table without prior industry engagement. Further, should novel technologies be considered which were not included at date of CMP427 implementation, then these technologies and an appropriate minimum acreage may subsequently be added to the Energy Land Density table.

The Original Proposal

2.9. Under the Original Proposal, generation, storage or demand customers applying to connect to the GB transmission system would be required to submit an LoA along with any new Onshore Transmission Connection

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Application in order to be effective.[12] The LoA will provide confirmation that either:

- Per **TEMPLATE A**: The project User has formally engaged in discussions with the landowner(s) in respect of the rights needed to enable the construction of the project on their land […] or[13]
- Per **TEMPLATE B**: Confirm that the project User is the Landowner.

2.10. This evidence is in addition to the existing criteria required for NGESO to treat an Onshore Transmission Connection Application as effective (referred to as 'clock start'). The current criteria for an application to become effective are noted in Exhibit B of the CUSC and include the completion and submission of the following:

a) an application form;

b) the Data Registration Code template; and

c) payment of an application fee.

2.11. The Proposer's view is that the Original Proposal will have a positive impact on Applicable CUSC Objectives ('ACO's) (a), (b), and (d), with a neutral impact on (c). Their reasoning is that this modification will:

- In relation to ACO (a), raise the bar for Onshore Connection Applications to the National Electricity Transmission System ('NETS'), allowing NGESO to manage the application process in a more efficient manner, preventing speculative applications without any landowner engagement from entering the queue. This will also lead to increased efficiencies for NGESO insofar as inefficient network capacity allocation and inaccurate transmission network planning will be reduced;
- It will also positively impact ACO (b) in that it will allow fairer and more efficient access for new generation projects to connect to the NETS, as well as increasing meritocracy within the process by supporting genuine applications to connect to the NETS; and

[12] CMP427 does not have offshore or Interconnector applicants within its scope.
Any 'new' application being one submitted after implementation of CMP427 (ie 29 March 2024 onwards).
[13] There may be circumstances where some of the land needed for a project is owned by a landowner and some of the land owned by the project User themselves. In this situation, then two separate LoAs one (a) and one (b) – would be required to be submitted with the application.

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- It will also have positive impacts on ACO (d) by increasing efficiency in the management of the connection application process by reducing speculative applications.

Workgroup Alternative Code Modifications (WACMs)

2.12. As noted above, CMP427 has three WACMs in addition to the Original Proposal. The various WACMs operate in general terms in the same way as the Original Proposal (by introducing an LoA requirement into the CUSC) but propose variations to the process and documentation. The WACMs, and the ways in which these differ from the Original Proposal, are shown in Table 2 below.

Table 1: Workgroup Alternative Code Modifications WACMs

Other Solutions	**How does it differ from the Original Proposal**
WACM1	Includes a third template to deal with exceptional circumstances where it is not practical for the developer to obtain either a Template 'A' or Template 'B' LoA but can, instead, obtain from a party designated by the Authority an LoA that aligns with the principles of CMP427.
WACM2	Applies a 0.5x multiplier to the minimum acreage (ie to partially reduce the threshold acres-per-MW-registered which appear) in the Energy Land Density table.
WACM3	Includes a combination of the solutions outlined in WACM1 and WACM2.

2.13. WACM1 expanded on the Original Proposal to add a third Template C, for cases in which Template A or B would be impractical. It was suggested that this Template C could be signed by the Authority or a party designated by the Authority, with the effect being it would be treated by NGESO as sufficient to meet the LoA requirement.

2.14. WACM2 seeks to strike a balance between demonstrating real landowner engagement without imposing an unduly high barrier to entry (in light of project practicalities and engagement with multiple landowners). Consequently, the Energy Land Density table values (to be set out in the ancillary guidance document to CMP427) would be set at 50% of the typical acreages per technology type.

2.15. WACM3 gives the Authority the ability to select from the full suite of options put forward by the Workgroup, by combining both WACM1 and WACM2.

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Workgroup views

2.16. The Workgroup concluded unanimously that the Original Proposal and WACM1 better facilitate the ACOs than the baseline. They also voted by a majority that WACM2 and WACM3 better facilitated the ACOs than baseline.

2.17. The Workgroup agreed by majority that it preferred WACM1 overall.

CUSC Panel recommendation

2.18. At the CUSC Panel meeting on 6 March 2024, the Panel unanimously agreed that the Original Proposal and all WACMs better facilitated the ACOs than the baseline.[14]

2.19. The Panel reached a majority view that WACM1 better facilitated the ACOs overall. We discuss our own assessment against the ACOs in Section 3 of this document, and present further detail of the Panel's assessment.

3. Our decision

3.1. We have considered the issues raised by the modification proposal and the Final Modification Report ('FMR') dated 6 March 2024, taking into account the responses to the industry consultations on the modification proposal which are attached to the FMR.[15] We have also considered and taken into account the votes of the Workgroup and CUSC Panel on CMP427.

3.2. We have concluded that:

- All proposed solutions better facilitate ACOs (a), (b) and (d) than the baseline, with a neutral impact on ACO (c). Overall, implementation of the Original Proposal will best facilitate the relevant ACOs.
- Directing that the Original Proposal be approved is consistent with our principal objective and statutory duties.[16]

We set out below our assessment against each of the relevant ACOs.

[14] The CUSC Panel is established and constituted from time to time pursuant to and in accordance with Section 8 of the CUSC.
[15] CUSC modification proposals, modification reports and representations can be viewed on NGESO's website.
[16] The Authority's statutory duties are detailed mainly in the Electricity Act 1989 (in particular, but not limited to Section 3A) as amended.

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ACO (a) The efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence[17]

Workgroup, Panel and Code Administrator Consultation views on ACO (a)[18]

3.3. The proposals which were considered by the Workgroup and Panel to have the most positive impact were the Original Proposal, WACM1 and WACM3, with WACM2 closely behind.[19] In the Code Administrator Consultation, WACM3 received the most votes in support, closely followed by the Original Proposal and WACM1, with WACM2 further behind.[20]

3.4. Some arguments in support of the Original Proposal that relate to ACO (a) were:

- that the reduction in speculative applications will allow NGESO to better identify and support genuine and viable projects, allowing them to more efficiently connect those genuine projects to the NETS;
- that NGESO would waste fewer resources in the termination of speculative applications; and
- it would increase the level of confidence Transmission Owners ('TOs') have that projects in the connections queue will eventually connect to the NETS, thus positively affecting their ability to make strategic investment choices.

3.5. Some arguments against the Original Proposal for ACO (a) were:

- that it was unclear how long NGESO would take to validate the LoA and the effect this will have on clock start;
- that the use of minimum acreage values in the Energy Land Density table could be an overly burdensome barrier for non-speculative projects, which could obstruct progress towards national decarbonisation targets. It was suggested that using lower values would future proof this; and

[17] This refers to licensees' obligations under the Electricity Act 1989 and otherwise in the transmission licence. The most relevant obligations are set out in s9 of the Electricity Act.
[18] For all Workgroup, Panel and Consultation responses see: CMP427: Update to the Transmission Connection Application Process for Onshore Applicants | NGESO (nationalgrideso.com)
[19] The Original Proposal, WACM1 and WACM3 received 24 "Yes", 0 "No" and 0 "Neutral" votes. WACM2 received 2 "Yes", 1 2 "No" and 1 "Neutral" votes.
[20] The Original Proposal received 11 votes, WACM1 received 11, WACM2 received 7, and WACM3 received 12.

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- it was noted that innovative technologies face uncertainty around how the values would be applied to them, which could be a potential barrier to a more economic, efficient and coordinated energy network.

3.6. Views on WACM1 were that Template C could be useful in getting large projects to market, which could be beneficial for long term strategic projects (eg nuclear) whose presence could aid the overall system. However, this was criticised for being a watering down of the LoA requirement thus reducing its effectiveness. It was ultimately seen as an unnecessary proposal.

3.7. WACM2 was criticised for not being a high enough barrier to entry and that it would allow unviable projects to connect.

Our view on ACO (a)

3.8. In assessing the proposals against ACO (a), we have considered NGESO's and the TOs' statutory duties. The most relevant of their obligations in this context is the duty to develop and maintain an efficient, coordinated and economical system of electricity under Section 9 of the Electricity Act 1989 (the 's9 obligation').

3.9. It is our view that **all proposals** will have a positive impact on ACO (a) due to the reduction of speculative and unviable projects that will result in all cases. This will result in fewer wasted resource, instead allowing NGESO and TOs to better identify and support genuine projects. This includes saving resource that would be used in terminating those speculative or unviable projects, meaning that NGESO is freed to connect projects more efficiently to the NETS. Furthermore, the subsequent management of a smaller queue will be less costly to both NGESO and the TOs.

3.10. The TOs will have greater confidence in the viability of projects in the queue, allowing them to make better strategic investment choices. Developers could consequently benefit from earlier grid connection dates, as their projects do not have to wait behind speculative or unviable projects. They could also benefit from a more efficiently planned network with reduced network costs, through improved efficiency in the utilisation of existing network capacity, ie rather than it being allocated to speculative projects. These collective impacts will allow for more effective fulfilment of the s9 obligation and a more positive impact on ACO (a) than if the status quo were maintained.

3.11. A key aspect of all proposals is the use of the Energy Land Density table. Criticism of this table noted that it did not take into account nuances with all

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technology types (eg energy parks, batteries, CCGTs) and thus some could be disadvantaged.[21] This could result in less innovative technology coming to market, harming the efficiency benefits these types of projects would bring to the GB energy system. However, no projects, regardless of technology type or land registration status, will be disadvantaged by the Energy Density Table values. NGESO will make clear the expectations of all Applicants in its CMP427 guidance document. Further, to maintain the long-term integrity of the table values, they may be updated in due course should the need arise; industry can engage on future revisions before they become live, to ensure that suitable minimum levels are maintained for each technology type. In any case, we see this consideration outweighed by the overall improvement to efficiency brought about by the requirement to provide an LoA, which would be at risk of gaming without the Energy Land Density table.

3.12. We are aware of concerns around potential delays to clock start given the extra processing time needed by NGESO to check the LoAs, and the potential negative impact this could have on its ability to meet the s9 obligation as a result of this. However, we have been advised by NGESO that the time taken to check an Applicant's LoA(s) will be minimal and will not add any delay to the typical time taken by NGESO to process the application. This will therefore not have a material impact on clock start or ACO (a).

WACM1 Comparison for ACO (a)

3.13. We note the proposed advantages to ACO (a) that WACM1 intends to bring to the LoA are that it will assist certain projects, mainly those of a strategic nature (eg nuclear or large industrial demand), to come to market. These projects often involve many landowners, very long development times and need Compulsory Purchase Orders (CPOs) to facilitate. It was envisaged by the Workgroup that the Secretary of State (SoS) could issue such an exemption given their purview of wider policy issues.

3.14. However, at present, we consider this proposal unnecessary. There currently is no designated route or process in place for a class of persons who might benefit from this. If in the future a need for such an additional route arises due to the introduction of powers for Ofgem, government or NGESO to strategically designate projects which relate to wider policy issues, then a consequential code modification to CMP427 can be raised then. Therefore,

[21] An energy park is a development which has multiple different types of technology on the same site.

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WACM1 would not benefit ACO (a) any more positively than the Original Proposal.

WACM2 Comparison for ACO (a)

3.15. WACM2's proposal to set the minimum acreage requirement at 50% of the Energy Land Density table values was borne out of the concern that the minimum acreage requirement is a barrier to genuine projects.

3.16. It is our view that if a project cannot make the minimum acreage requirement (which will be set out by NGESO in its guidance document by the implementation date of this decision) then it is likely unviable and would fail to reach energisation. As such, to lower these values would undermine the level of assurance and impact that the Original Proposal delivers, by potentially allowing unviable projects to receive a connection offer and queue position. Therefore, WACM2 has a less positive impact on ACO (a) than the Original Proposal.

Conclusion on ACO (a) assessment

3.17. Due to the drawbacks of WACM1 and WACM2 specified above, it follows that WACM3 also has a less positive impact against ACO (a) than the Original Proposal because the features of WACM3 are an amalgamation of both WACM1 and WACM2.

3.18. It is consequently our view that the **Original Proposal and WACM1** have the most positive impact on ACO (a). These provide the highest level of assurance on viability of any of the proposals as Applicants are required to evidence a landowner LoA for the full land required for their project, which will in turn secure the best result in light of the s9 obligation.

ACO (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

Workgroup, Panel and Code Administrator Consultation views for ACO (b)[22]

3.19. The proposals which were considered by the Workgroup and Panel to have the most positive impact on ACO (b) were the Original Proposal and WACM1, with

[22] For all Workgroup, Panel and Consultation responses see: CMP427: Update to the Transmission Connection Application Process for Onshore Applicants | NGESO (nationalgrideso.com).

WACM2 and WACM3 closely behind.[23] In the Code Administrator Consultation, WACM1 received the most votes, closely followed by the Original Proposal and then WACM2 and WACM3 further behind.[24]

3.20. Some positive views on the Original Proposal were that it would:

- allow fairer, more transparent, and more efficient access for new projects to connect;
- increase confidence in the early stages of project development that projects will ultimately connect and participate in the market;
- will allow for more strategic investment choices, which will better facilitate market competition overall;
- increase consistency and reduce discrimination, through the use of standardised templates; and
- increase consistency with distribution level.

3.21. There were some negative concerns regarding the Original Proposal, including that:

- innovative technologies could be disadvantaged due to the lack of clarity on how the Energy Land Density table values will apply;
- projects with fragmented land ownership could face greater barriers;
- battery storage projects could be disadvantaged as a result of the Energy Land Density table's use of acres/MW instead of acres/MWh;
- regional differences in environment and planning could lead to density variations;
- that projects in Scotland could be unfairly affected due to the large amount of unregistered land present there;
- that both the Energy Land Density table and Template B (for Applicants that are the landowner) do not align with those at distribution.

3.22. It is worth noting that these negative concerns were not substantially reflected in the voting of the proposals against ACO (b), which still saw strong support overall.

[23] The Original Proposal and WACM1 received 24 "Yes", 0 "No" and 0 "Neutral" votes. WACM2 received 18 "Yes", 2 "No" and 4 "Neutral" votes. WACM3 received 19 "Yes", 1 "No" and 4 "Neutral" votes.
[24] The Original Proposal received 10 votes, WACM1 received 11, WACM2 received 5, and WACM3 received 7.

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3.23. WACM1 was positively praised for allowing certain types of projects with long lead times (eg nuclear with CPOs) to gain access to market with more ease and more fairly.

3.24. WACM2 was seen as being fairer for complex projects and projects with multiple landowners, by preventing delays in the early application stages via its less burdensome barriers to entry, which could positively affect competition. However, the insufficiently high barrier to entry of this WACM (due to its 50% multiplier) could mean that it undermines all of the positives of this modification, including that which promotes fairer competition.

Our view on ACO (b)

3.25. We consider that **all proposals** will have a more positive impact on ACO (b) than the status quo. The introduction of an LoA requirement will allow for fairer access to the grid for new projects, due to the reduced ability of speculative applications to enter the queue and occupy capacity. Raising the entry requirements accordingly will therefore better facilitate competition, particularly in the generation of electricity. This in turn will increase meritocracy since NGESO and TOs can focus their attention and support on genuine projects.

3.26. We acknowledge that the introduction of the LoA requirement could require Applicants to secure several LoAs where multiple landowners are needed to construct the project, per the Energy Land Density table values. However, we have concluded that the LoA requirement (and the minimum acreage associated) is not an excessive burden, nor does it pose a risk to competition in the generation, storage or demand of electricity. This is because at the point of application, a genuine Applicant will know the amount of land required for their project and should have initiated the process of securing these land rights already. Any additional effort needed to secure multiple LoAs is reflective of the effort required to secure multiple land agreements, and so is reflective of the viability of multi-landowner projects.

3.27. All proposals will increase the confidence that new projects entering the queue will eventually connect. This will help combat the high attrition rate, as referenced in Section 1 above. The LoA's early signal of viability at the application stage could also have a consequential positive impact on the ability of TOs to make the most strategic investment choices (ie ACO (a)), which in turn can better facilitate competition in the market overall.

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3.28. Further, the use of standardised templates across all proposals will positively impact ACO (b) since all Applicants will be required to fill out the same template and evidence the same information. This reduction in the number of variables will ensure more equal outcomes for Applicants as they are all held to the same standard, safeguarding competition at the application stage. We acknowledge this is a different approach from the one at distribution level; however, we are confident this does not result in any material distortion between transmission and distribution.

3.29. Additionally, there was a perceived potential risk that Applicants with multiple LoAs for NGESO to check could experience incremental delays to clock start. However, the necessary verification checks of the LoAs will not add any delay to the time taken by NGESO to process the application before clock start. Therefore, the LoA requirement does not pose a risk to ACO (b) in this manner.

3.30. Another cited concern was that the Energy Density Table did not take into account nuances with all technology types (eg energy parks, batteries, CCGTs) and thus some could be disadvantaged, or similarly that regional differences would result in discrimination.[25] However, no projects regardless of technology type, land registration status or location will be disadvantaged by the Energy Density Table values. The templates are therefore suitable for Applicants across all of GB. NGESO will make clear the expectations of all Applicants in guidance.

3.31. Finally, industry has inputted into the development of the minimum values in the Energy Land Density table contained in the NGESO guidance. As a means of maintaining the accuracy of these minimum values in the long-term, NGESO will engage with industry prior to any future amendments to the table, so as to ensure future revisions do not disadvantage any technology types, and to maintain the positive impact this has on ACO (b).

WACM1 Comparison for ACO (b)

3.32. In evaluating which proposal to implement, given all will have a positive impact on ACO (b), consideration must be given to which of the proposals will have the most positive impact on this ACO. As set out above in relation to the discussion for ACO (a), WACM1 contains the same features as the Original

[25] An energy park is a development which has multiple different types of technology on the same site.

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Proposal, with the addition of another template: Template C. This template is only to be used by parties which the Authority designates.

3.33. It is our view that, given Templates A and B are designed to encompass all parties within the scope of the LoA requirement, there is no need for Template C as at the date of this decision. All Applicants can fill out either Template A or B and as such, fair competition and access to the market is preserved.

3.34. Consequently, WACM1 would not offer a more positive impact on ACO (b) than the Original Proposal; both have an equally positive impact on ACO (b).

WACM2 Comparison for ACO (b)

3.35. WACM2 is distinguished from the Original Proposal by setting the minimum acreage required by an Applicant for their LoA to be accepted to 50% of the value specified in the Energy Land Density table.

3.36. It is argued that this would make the entry requirement of WACM2 fairer and more efficient for developers with complex projects and multiple landowners to achieve than in the Original Proposal. It is also argued that it better strikes the balance between requiring applicants to demonstrate project viability and progression, and the practicalities of early stage project development. We consider that WACM2 would make it easier and quicker for developers to satisfy the LoA requirement; however, it is not the case that the Original Proposal is correspondingly less fair, or that WACM2 strikes a more appropriate balance.

3.37. By lowering the acreage required for developers, WACM2: leads to an imbalance between evidencing sufficient project viability and developer burden, weakens the application entry requirements, and fails to achieve a more positive impact on ACO (b) than the Original Proposal. It is our view that more complex projects may naturally find the LoA requirement more onerous and take longer to fulfil it; however, this is not insurmountable nor unreasonable to expect – regardless of technology type. The LoA requirement should not concede an exception to this by making it easier for more complicated projects to meet.

3.38. The satisfaction of the LoA requirement is therefore an accurate reflection of a project's viability. To halve the land required to satisfy this requirement would undermine the code modification's ability to gauge the viability of a project since speculative projects could still proceed to receive a connection offer.

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3.39. Given the acreage values required in the Energy Land Density table represent the *minimum* amount of land required for the Applicant to complete their project, these values are entirely proportionate to the aim they set out to achieve and will not have a negative impact on ACO (b). Consequently, there is no need for the values to be halved as proposed by WACM2. It is likely that halving the minimum acreage required would have the opposite effect intended. It may end up less positively impacting ACO (b) since it would exacerbate variation in the requirement unnecessarily: some Applicants could continue to secure LoAs to the extent of 100% of the land needed for their project, some may only evidence 50% of the land and some may secure something in between.

3.40. Finally, it was suggested that by halving the minimum acreage required, WACM2 would help to future-proof the values in the Energy Land Density table. We expect NGESO to ensure the Energy Land Density table is kept up to date with appropriate values, engaging with industry on any changes. It is consequently not necessary to halve the values for future-proofing purposes as these should be updated by NGESO as and when needed.

3.41. Overall, therefore, WACM2 has a less positive impact on ACO (b) than the Original Proposal.

Conclusion on ACO (b) assessment

3.42. Following the reasons set out above, it is our conclusion that the **Original Proposal and WACM1** have an equally positive impact on ACO (b).

3.43. WACM2 has a less positive impact against ACO (b) than the Original Proposal and WACM1. It therefore follows that WACM3 would also have a less positive impact on ACO (b) since it is a combination of the features of WACM1 and WACM2.

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ACO (d) Promoting efficiency in the implementation and administration of the CUSC arrangements

Workgroup, Panel and Consultation Administration Consultation views for ACO (d)[26]

3.44. The proposals which were considered by the Workgroup and Panel to have the most positive impact on ACO (d) were the Original Proposal and WACM1, with WACM2 and WACM3 closely behind and tied in the level of support that they received.27 For the Code Administrator Consultation, the Original Proposal and WACM1 were the most supported, with WACM2 and then WACM3 shortly behind.28

3.45. No specific differences were identified between the proposals under ACO (d), with all feedback levelled at the Original Proposal or all proposals. A standardised template was expected to have a positive impact on NGESO's ability to administer and implement the LoA compared to if it had to scrutinise many varied and non-standardised LoAs, especially considering the risks of this. The reduction in resources used by NGESO to process speculative and unviable projects was cited as another benefit of introducing the LoA requirement.

3.46. Conversely, a suggested drawback of the proposals in light of ACO (d) was the amount of extra resources needed to implement, check and enforce the LoA requirement, as well as to update the Energy Land Density table periodically. It was noted that including technology type could result in unintended conflict between the LoA and the Connection Application.

Our view on ACO (d)

3.47. We consider that, in assessing the impact of the Original Proposal and the WACMs on ACO (d), consideration must be given to the administrative burden NGESO currently faces due to the problems outlined in Section 1. While it is acknowledged that the introduction of any new evidence requirement for Applicants will have a corresponding verification requirement placed on NGESO, the key question is whether and to what extent this additional

[26] For all Workgroup, Panel and Consultation responses see: CMP427: Update to the Transmission Connection Application Process for Onshore Applicants | ESO (nationalgrideso.com).
[27] The Original Proposal and WACM1 received 22 "Yes", 0 "No" and 2 "Neutral" votes. WACM2 and WACM3 received 19 "Yes", 1 "No" and 4 "Neutral" votes.
[28] The Original and WACM1 received 10 votes in favour. WACM 2 received 7 and WACM3 received 8.

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administrative burden at the start of the application process is likely to be outweighed by longer-term efficiency gains.

3.48. We consider that **all proposals** would have a positive impact on ACO (d). The introduction of an LoA requirement will help to minimise speculative applications entering the transmission connections queue by raising the entry requirements: applicants will not be provided with a connection offer without submission of a complete and satisfactory LoA. This will then allow NGESO to spend its resources more efficiently on genuine projects and managing the connections queue.

3.49. It is recognised that all of the proposals do, however, place an additional administrative burden on NGESO at the connection application screening phase. Aside from scrutiny of the LoA itself, a new verification process will be put in place by NGESO (detailed in its guidance document). It is our view that the implementation burden of this process is outweighed by the long-term benefit of the reduction in speculative applications in the queue. Once projects receive a connection offer and enter the transmission queue, NGESO is obliged to manage the project through queue management.[29] It is therefore in the interests of NGESO, all CUSC parties, the Authority and customers, that NGESO's efforts in managing the queue are focused on genuine projects, given the already significant size of the queue. The introduction of the LoA requirement will enable this, by raising the entry requirements.

3.50. All of the CMP427 proposals have been designed to minimise the additional administrative burden placed on NGESO in verifying the authenticity of any LoAs due to the standardised templates. Although this is a contrast from the approach at distribution, it will maximise efficiency in the verification process by removing variables for NGESO to consider.

3.51. Applicants will also be required to specify their technology type in the LoA. This has the added benefit of mitigating against erroneous or duplicate connection applications and ensuring consistency between what an Applicant has informed a landlord (for the purposes of the LoA) and what they have put in their connection application. Where discrepancies exist, this could lead to a connection application being rejected.

3.52. Finally, all proposals note that NGESO may update the Energy Land Density tables in its guidance document from time to time should the need arise,

[29] CMP376: Inclusion of Queue Management process within the CUSC | Ofgem.

either due to the values needing to be updated or because of new technologies emerging. This is a minor administrative burden overall and is necessary to maintain the robustness of the LoA requirement in the long-term.

3.53. It is therefore the case that any of the proposals, compared to the status quo which has no LoA requirement, would have a positive impact on ACO (d).

WACM1 Comparison for ACO (d)

3.54. WACM1 contains the same features as the Original Proposal, with the addition of another template: Template C. It is our view that Template C could add additional complexity to the LoA requirement and confuse Applicants. It is foreseeable that Applicants facing difficulty in filling out Templates A or B could see Template C as an 'exception' which they may seek to pursue. This could lead to the Authority itself being given excessive requests to designate the relevant party as appropriate to fill out Template C, and could lead to NGESO receiving and having to filter through invalid LoAs. This complexity therefore puts a limit on the positive impact WACM1 can have against ACO (d).

3.55. Further, reiterating the same reasons set out at paragraph 3.14 above, to introduce Template C now when there are no parties which can conceivably use it, would be improper and could limit the positive potential of the LoA on ACO (d).

3.56. As a result, whilst WACM1 is likely to have a more positive impact on ACO (d) than the status quo, it has a less positive impact than the Original Proposal.

WACM2 Comparison for ACO (d)

3.57. As set out previously, WACM2 is distinguished from the Original Proposal by halving the minimum acreage required by an Applicant (with reference to the Energy Land Density table in the ancillary NGESO guidance document) for their LoA to be accepted.

3.58. It is our view that for the introduction of an LoA requirement to be effective, it must strike the right balance between suitably evidencing the viability and progression of the Applicant's project and taking account of the practicalities of early phase project development. We note that the acreage values set out in the Energy Land Density table are *minimum* values required for the relevant project type. This means that for a project to ultimately energise and

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connect, it will need to acquire that minimum amount of land for the capacity (in megawatts/MW) it has set out in its connection application. To halve the acreage requirement would fail to achieve a high enough barrier to entry and would allow projects to gain a grid connection offer without yet evidencing full engagement with the landowner(s) for the total land required for their project.

3.59. It is also our view that the LoA requirements are not unduly onerous. Genuine projects will not face difficulty in satisfying the LoA requirement as they will already be in the process of acquiring the land needed to facilitate the construction of their project. The only projects that may struggle to meet the LoA requirements are those that are speculative in nature or are still in the early stages of project development.

3.60. Therefore, we consider that WACM2 would undermine the effectiveness of the LoA and could reduce the positive impact which the LoA has on ACO (d) through failing to sufficiently reduce speculative applications and not minimising the administrative burden on NGESO compared to the Original Proposal.

Conclusion on ACO (d) assessment

3.61. Following the reasons set out above, WACM1 and WACM2 have a less positive impact on ACO (d) than the Original Proposal. It follows that WACM3 will also have a less positive impact on ACO (d) than the Original Proposal since it is a combination of WACM1 and WACM2.

3.62. Taking these factors together, we consider that the **Original Proposal** is likely to have the most positive impact on ACO (d).

Overall conclusion on ACO assessment

3.63. Given the Original Proposal has, collectively, the most positive impact on ACOs (a), (b) and (d), it is the most suitable to be approved.

Our assessment against the Authority's Principal Objective and 'wider' statutory duties

3.64. Having concluded that the **Original Proposal** overall best facilitates achievement of the ACOs in our assessment above, we have also assessed whether its approval is in line with our statutory duties. This includes our Principal Objective to protect the interests of existing and future consumers and the various specific matters identified in Section 3A ('s3A') of the

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Electricity Act 1989. Those interests include but are not limited to: (a) their interests in the reduction of electricity-supply emissions of targeted greenhouse gases; and (b) their interests in the security of the supply of electricity to them: s3A(1A).

3.65. We consider that approval of the Original Proposal will protect the interests of existing and future consumers. This is because we expect the Original Proposal to enable the raising of entry requirements to the transmission queue, which will consequently reduce the prevalence of speculative applications. In turn, this will deliver increased efficiency in the connections process for all parties as the reduction in resources dedicated to projects which do not ultimately connect means that genuine projects can avoid being delayed by new speculative applications positioned ahead of them in the queue.

3.66. Overall, we believe that approval of this code modification change is likely to better enable efficient connection to the transmission system, including projects which support the transition to net zero and security of supply. The approval of CMP427's Original Proposal is consequently in the interests of existing and future consumers.

Decision notice

3.67. In accordance with Standard Condition C10 of the Transmission Licence, the Authority, hereby directs that the **Original Proposal** of CUSC modification proposal CMP427: *Update to the Transmission Connection Application Process for Onshore Applicants* be made. This will be implemented on **28 March 2024** – nine working days after the date of this decision – due to the Good Friday bank holiday on 29 March 2024.

Liam Cullen

Senior Policy Manager, Electricity Connections

Signed on behalf of the Authority and authorised for that purpose

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