

Email to:

[ena.strategic.connections@energynetworks.org](mailto:ena.strategic.connections@energynetworks.org)

8 November 2024

Dear ENA,

**Response to proposal to raise entry requirements for Distribution Network Operator (DNO) connection applications**

*Scottish Renewables is the voice of Scotland's renewable energy industry. The sectors we represent deliver investment, jobs and social benefits and reduce the carbon emissions which cause climate change. Our 360-plus members work across all renewable energy technologies, in Scotland, the UK, Europe and around the world. In representing them, we aim to lead and inform the debate on how the growth of renewable energy can help sustainably heat and power Scotland's homes and businesses.*

As the representative of industry, we recognise the overwhelming need to raise the quality of connection applications through reform at the distribution, as well as transmission, level to ensure viable projects are realised for 2030 and beyond. We support the need to effectively evaluate project credibility and believe there are some relatively simple checks that DNOs can undertake to achieve this.

However, there is no robust evidence that the blanket changes proposed by the Energy Network Association (ENA) at the distribution level through this proposal will achieve the desired outcome of reducing the congestion in the connections queue. Rather, the requirements risk excluding legitimate projects from progressing with development via an ill-informed barrier to entry.

Addressing the specific requests within the proposed changes, requesting a Letter of Authority (LoA) with a 35-month option agreement (Option B) is an excessively risk-intensive and challenging requirement for developers to undertake. Negotiating an option agreement is a costly process which developers will be unwilling to engage in without the knowledge of their grid connection costs, which have a substantive impact on project viability.

Option B is disproportionate to the level of project progression as it effectively brings forward Gate 2 requirements and thus, sets an inappropriately higher barrier for distribution projects than transmission. The land requirements for distribution projects will need to be secured for an inherently longer period: from distribution application through Transmission Impact Assessment (TIA) to eventual Gate 2 submission. The ENA should look to implement measures that align the DNOs' process with NESO's Connections Reform at the transmission level, which Option B does not achieve.

Regarding the financial undertaking, developers would theoretically have to front costs of up to hundreds of thousands of pounds to agree an Option, depending on site size, in addition to DNO and Transmission Application Fees for connections that may eventually prove too costly to accept. In addition, the process for entering into an option agreement can take around a year to complete, further jeopardising a project's viability and delaying the connection of renewable energy to the system.

Placing time pressure on signing an agreement weakens developers' negotiation power with landowners, thereby potentially increasing the cost, risk and length of time to develop a project. Furthermore, landowners themselves often prefer to see progress of a grid application before signing an option agreement and thus, the chronology of requirements again hampers project progression.

The more appropriate measure would be to request Heads of Terms (HoTs) (Option A), which helps cleanse the queue of speculative applications while being more affordable for Small and Medium-Sized Enterprises (SMEs). For Scottish developers, who typically must obtain a BEGA or BELLA through the NESO process regardless, it would make more sense to request HoTs upon acceptance of offer, as opposed to point of application.

As offers take three months to produce, and are valid for three months, developers would also have more time to obtain HoTs. Option A also aligns more closely with NESO's Connections Reform proposals. In general, our members would appreciate more information on how processes will run concurrently to allow the developer to fully understand the project as opposed to over-emphasis on a specific area.

Furthermore, we do not see the value to DNOs in requesting a detailed Site Layout Plan including an Engineering Design. The elements provided within the Engineering Design; PV Layout; BESS Layouts; Turbines; Substation; Inverter; Transformer locations; will all be indicative and not site specific until planning is approved. Thus, the engineering design will be highly subject to change and at present, there is uncertainty around 'allowable change' within the proposal. If an engineering design were to eventually become mandatory, the DNOs should guarantee that information provided within these is not used to inform detailed design to avoid future duplication of work and mod app fees.

The request for Part 4 of G99 also requires specific data that is again likely to change until Final Investment Decision (FID) is taken. Submitting Part 4 is a burdensome request and requires a suitable dynamic model for analysis, which will present a barrier to developers without the aid of specialised consultants. As such, a subsequent fee will be incurred which would likely fall in the tens of thousands for the use of external services. While NESO is proposing these requests to deter speculative applications, demanding information that will only be indicative only increases speculation while placing excessive burden on developers to source this data.

Finally, the DNO publication indicates a Project Plan Criteria, but information around the timing of assessment of such criteria is absent. The criteria itself includes 'a comprehensive plan' with analysis of resourcing and project budget; however, we don't see the evidence of immediate or long-term benefit of such a request that will, again, add burden to developers.

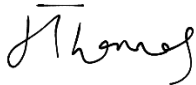
Aside from the ENA's specific 'filtering' proposals, we would encourage the DNOs' manual verification of submissions, for example through contacting landowners to verify agreements, assessing the practical viability of selected sites, cross-referencing public planning submissions with project applications. For Clean Power by 2030 (CP30) alignment on projects that are not forwarded to NESO, the DNOs could apply their own checks like that of NESO's process, for example restricting carbon-intensive generator applications. By cross-referencing basic information within submissions on a case-by-case basis, a more accurate picture of project legitimacy can be gained without raising a misguided barrier to viable projects.

Finally, we understand the urgency and unprecedented pace of reform to align with CP30 timelines but the information on the proposed changes has not been sufficiently widely shared. Aside from the ENA's recent webinar, stakeholder engagement has not been adequately publicised on these proposals, and we would flag that this should be better communicated to allow for industry input and understanding of the changes. Furthermore, greater clarity around how the DNO-level proposals align with those of the wider Connections Reform and CP30 would be valuable.

We are urging you to more closely consider the consequences of the proposed requirements in light of the perceived benefits to ensure objectives are met with the appropriate solutions that align with closely linked industry reforms.

Scottish Renewables would be keen to engage further with this agenda and would be happy to discuss our response in more detail.

Yours sincerely,



Holly Thomas

**Grid & Systems Policy Manager  
Scottish Renewables**