

Email to:

matthew.vickers@nationalenergyso.com

14 March 2025

Dear Matthew Vickers,

Open letter on inequitable treatment of New and Modification Applications (ModApps) under pause in connections applications

As the voice of Scotland's renewable energy industry, we are writing to express concerns held by several of our members arising from unfair processing of new applications and ModApps under NESO's recent pause in connection applications. While we support the rationale for introducing a pause to connection and modification applications to focus resources on implementing connections reform, industry cannot be unfairly penalised because of factors beyond their control.

Industry is acutely aware of the urgency of Connections Reform and the scale and complexity of the task at hand for NESO in its successful implementation while simultaneously delivering other areas of system reform. Renewable energy developers are experiencing unprecedented uncertainty while operating at pace and with agility to adhere to various Connections Reform requirement timelines. We appreciate NESO's efforts to process large volumes of information in a compressed period, and that's why we're looking to ensure equitable treatment is given to all applications that have met the necessary deadlines.

NESO has notified several of our members that applications are not being clock started due to reasons outside of the applicant's control or requirements not explicitly communicated to developers by NESO for submission ahead of the deadline. In some cases, developers have faced lengthy delays in NESO amending and/or responding to invoice queries ahead of the deadline, resulting in developers' inability to pay ahead of the deadline. NESO will be expected to process significantly more contracts and evidence when the full TMO4+ process is implemented in the summer. A robust process must be in place to maintain confidence in NESO's ability to undertake this task competently and fairly.

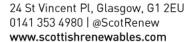
Clarity of timelines

There was no clear, direct communication of NESO timelines for the pause. NESO <u>stated</u> that applications would need to be 'received as of 29 January', but failed to specify that this meant 23:59 on January 28, which does not align with NESO/Ofgem's typical system of including submissions made **on** the date specified. The same was true for the payment deadline of February 12, which, in reality, was the day prior. While letters exchanged between NESO and Ofgem exist as a matter of public record, developers were not formally and directly advised of this deadline for payment.

Some developers received invoices before the deadline, including a Payment Due Date set to 30 days later, beyond the February 12 deadline. For full transparency, NESO should have included any revised deadlines explicitly in official invoices. In other cases, applications met all deadlines, including payment, but were still withdrawn.

Invoice information quality

Many of our members have experienced issues outside of their control, causing delays to their invoice payments. Incorrect invoices have been issued to the wrong company name or address. Invoices have also been issued with an incorrect amount or where technical competency checks were undertaken incorrectly. Having requested in advance of the deadline that these be amended and reissued, developers faced considerable delays in response, meaning payment could not be made ahead of the deadline. In some cases, members had received multiple incorrect invoices to be amended, had been waiting months for amendments to be made or never received a corrected invoice to pay.





For expediency, some members paid incorrect invoices in advance of receiving corrections to comply with deadlines, requiring exceptional Director Approval and going against standard accounting practice. This is evidence of members going to exceptional lengths to adhere to poorly communicated deadlines, with delays incurred by NESO's invoicing errors. In such cases, applications were still withdrawn for missing the deadline despite the exceptional circumstances caused by NESO.

Consequence of unjust withdrawals

As Transmission Operators (TOs) are reliant on visibility of forthcoming projects through clock start dates, any delays will have a compounded impact on TOs. They will either have a compressed time frame to make offers or, eligible projects will not be considered for a Gate 2 offer as part of Gate 2-to-whole-queue (G2TWQ) this summer and instead be given a delayed start date. As such, projects would need to be retrospectively clock started to ensure offers are made for notional deadlines.

TOs will be unable to account for equipment orders accurately (e.g., appropriate Transformers) or resolve substation location issues that require revision through ModApps. Many members have submitted ModApps to ensure their project can meet contracted connection dates, thereby crystallising NESO's view of forecast capacity connecting for our climate targets. Projects do not want to proceed with dates they cannot meet, which would be detrimental to the projects themselves, the overall health of the queue and the ability to meet climate targets.

Closing outstanding ModApp issues in time for CMP435 Window

NESO must resolve outstanding ModApp queries for 'pre-existing' projects to qualify as such, in time for the first CMP435 G2TWQ window. This includes a buffer of time ahead of that window to conclude DNO-NESO Modifications for relevant embedded generation for the DNOs to gain corresponding agreements and evidence with their embedded generation customers. Members have flagged concerns about issues not progressing in a timely manner and of TOs not providing adequate corrections or clarifications. This may necessitate NESO accepting contract positions without full TO agreement to avoid delaying the whole G2TWQ process.

Action

Scottish Renewables is writing to highlight this urgent and time-sensitive issue. Despite signalling this issue via various NESO channels, developers are not receiving adequate responses, despite NESO's licence obligations to reply to customers promptly.

We request that project applications that have been withdrawn unjustly be reconsidered, in line with the reasons outlined above, and that outstanding invoices be issued promptly so payment can be made and the clock start confirmed in the usual way. We enclose a confidential list of application references of applications we know have been affected.

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

Yours sincerely,

Morag Watson

Director of Onshore Scottish Renewables

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