

NORTHERN POWERGRID CONTRACT MILESTONES

A simple guide to...
Contract Milestones



Background

In 2015 our industry regulator, Ofgem, consulted with stakeholders to establish areas of policy development that could result in Quicker More Efficient Connections for customers.

In conclusion Ofgem decided that connection customers in general would benefit from a regime which allows capacity that has previously been issued to customers to be withdrawn if there is a lack of progress for it to be used as intended.

Many customers accept connection offers and progress their connection project to energisation using the network capacity they required. When customers accept connections offers but their project fails to progress, it can lead to a situation where network capacity is sterilised and other projects are held in a queue or will need to be connected in a more expensive or time consuming way.

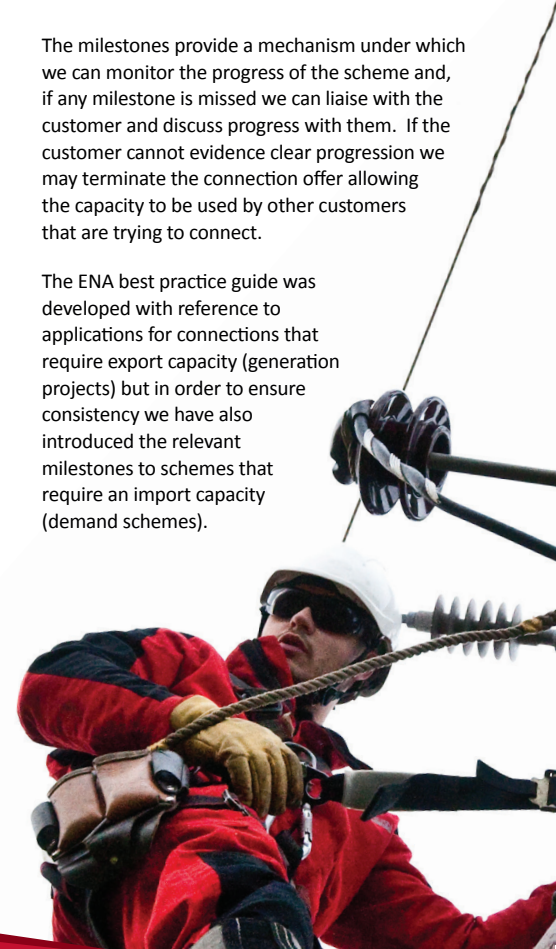
The DG-DNO Steering group is an industry group whose membership consists of Distribution Company's (including Northern Powergrid), Developers and other stakeholders. Ofgem asked this group to consider the existing regime and develop improvements to ensure that capacity was removed from projects that fail to progress in order to free up capacity so that other customers can be connected faster and more cheaply.

Following the work done by the DG-DNO Steering group, The Electricity Networks Association (ENA) published an industry best practice guide in November 2016 in respect to the timing of key development milestones.

We now include reference to a series of milestones within our connection offers that the customer must meet or risk losing their connection. The milestones set prescribed periods that take effect from the acceptance date of the connection offer and include certain key stages in the schemes development that the customers must meet.

The milestones provide a mechanism under which we can monitor the progress of the scheme and, if any milestone is missed we can liaise with the customer and discuss progress with them. If the customer cannot evidence clear progression we may terminate the connection offer allowing the capacity to be used by other customers that are trying to connect.

The ENA best practice guide was developed with reference to applications for connections that require export capacity (generation projects) but in order to ensure consistency we have also introduced the relevant milestones to schemes that require an import capacity (demand schemes).



Relevant Schemes

The table opposite outlines which of our connections contracts now include the requirement to meet the milestones set out in the best practice guide.

Where a scheme is not required to progress in line with the best practice milestones then the terms and conditions of the connection offer will set out the requirements that apply instead, this will normally be a prescribed period in which the works must be completed otherwise the offer will be terminated.

Type of Project	Connection Voltage		
	Low Voltage	High Voltage	Extra High Voltage
Small Works Projects ¹	No	N/A	N/A
Demand Projects	No	Yes	Yes
Generation Projects	No	Yes	Yes
Mixed Demand and Generation Project	No	Yes	Yes
Storage Project	No	Yes	Yes
Augmentations (no new assets required)	No	Yes	Yes
Augmentations (new assets required)	No	Yes	Yes

¹ Small Works Projects are those that consist of up to 5 connections or connections less than 60KVA

Prescribed Milestones

1 Initiate Planning

The customer must provide evidence to Northern Powergrid's reasonable satisfaction to demonstrate that either;

- i. A valid planning application for the customers installation and any connection works shall have been submitted to the planning authority within 2 months of the date of the acceptance form or
- ii. Where an Environmental Impact Assessment² (EIA) is required,
 - a. the EIA assessment work has been initiated within 2 months of the date of the acceptance form, and
 - b. where an EIA is required, a valid planning application for the customers installation and any connection works shall have been submitted to the planning authority within 14 months of the date of the acceptance form.



2 Land Rights

The customer must provide evidence to Northern Powergrid's reasonable satisfaction within 2 months of the date of the acceptance form to demonstrate that it:

- i. is an owner or lessee of the land on which the station is customers installation is situated; or
- ii. has entered into an agreement to lease the land on which the customers installation is to be situated; or
- iii. has an option to purchase or to lease the land on which the customers installation is to be situated; or
- iv. has entered into an exclusivity agreement in relation to the land on which the customers installation is to be situated



3 Secure Planning

The customer must provide evidence to Northern Powergrid's reasonable satisfaction to demonstrate that planning consent for the customers installation and any connections works shall have been granted within:

- i. 12 months of the date of the acceptance form where an EIA **is not** required
- ii. 24 months of the date of the acceptance form where an EIA **is** required

Prescribed Milestones

4 Commence works

The customer must provide, for our agreement, a detailed and final programme of works within 6 months of the date of the planning consent. Where planning consent is already granted this will be six months from acceptance. The programme of works shall demonstrate customer will be ready for the agreed connection date.

The programme of works shall allow Northern Powergrid to complete the connection works within the timescales set out in the connection offer. For initial planning purposes these should be considered as:

- i. 24 months for EHV projects; or
- ii. 12 months for HV projects

5 Progress works

The customer must demonstrate progress made in line with the agreed programme of works.

Some applications require interaction with National Grid to ascertain if transmission works or operational restrictions are required to make the connection, or to ascertain rights for use of the transmission system.

Some of these processes are in the control of the customer and some of the Distribution Network Operator (DNO) and Transmission System Operator (TSO). In either case, where participation is obliged under the relevant industry code, the customer is required to initiate and continue to progress the relevant TSO process, including any payment of

6 Progress works

The customer must complete the connection works in line with the agreed programme of works.

fees and production of technical details, in good faith and within the timescale of the relevant transmission process.

² The Environmental Impact Assessment (EIA) is a statutory tool for assessing the environmental impacts of development projects, and identifying measures that can be taken to reduce these impacts. EIA can help ensure the environmental implications of a project are fully explored before planning decisions are made and is normally required to be completed ahead of the planning application submission.

Extension of Milestones

We acknowledge that unforeseen delays can occur because of circumstances outside of the control of either party. Where Northern Powergrid cause the delay we will normally agree to extend the impacted milestones accordingly.

The milestones stated previously may be extended by agreement where the delay is caused by circumstances that are outside the customer's control and where the customer can provide evidence to support the need for an extension. For example if the customer has planning permission rejected, or a third party challenge is made then an additional milestone will be added (on request) to allow them to go through the appeal or statutory challenge process.

Following an application to extend a specific milestone Northern Powergrid will consider all the evidence presented by the customer. If the request is not properly substantiated or we remain of the opinion that the customer has not progressed matters in a timely manner we will decline to extend the milestone and will terminate the connection offer.



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