



SP Energy Networks is committed to continually listening to our stakeholders, adapting our processes and improving our service to our customers.

We are pleased to announce the introduction of a new approach to the **Interactive Process**.

The Open Networks Workstream 2 (Customer Information Provision & Connections) is concerned with establishing consistent Interactivity processes within and across network companies.

The Open Networks Project is a major industry initiative that will transform the way our energy networks operate. A key objective is to bring consistency in approaches across networks through existing and new processes to support the transition to Distribution System Operators (DSOs), interactions with each other and interactions with customers. Open Networks is being delivered through a number of Workstreams and Products.

In July 2019, the ENA (through Open Networks Workstream 2) launched a second consultation with mind-to positions presented for Interactivity. The responses to the July 2019 consultation showed clear support for Conditional Interactivity among

stakeholders and a key deliverable for the process was the publication of a User Guide in March 2020.

This leaflet outlines the guiding principles of Interactivity as we transition in SP Energy Networks from the current Moratorium Interactivity Process to this new industry wide Conditional Interactivity Process.

There are occasions where SP Manweb plc (SPM) / SP Distribution plc (SPD) receive two or more applications for connection which make use of the same part of the network, but where not all the applicants can be connected. The resulting connection offers are referred to as interactive connection offers and interactivity is the process through which we determine which application will be able to connect to the network. SPM/SPD currently use the Moratorium Process but from December 2020, we transition to adopt the industry-wide agreed **Conditional Offer Process**.

Explaining the Conditional Offer Process

Once interactivity has been identified each application is assessed as either 'Conditional' or 'Unconditional' based on original application date.

An **Unconditional offer** means that the customer has first refusal on the connection and their offer is not dependent on the acceptance of any of the other applicants in the queue. The application that is first in the interactive queue will be issued with an Unconditional offer that has a validity period of 30 calendar days.

Where an Offer has already been issued with 3 months validity and there is more than 30 days of validity period left when interactivity is declared, then the validity period will be shortened to 30 days. If there is less than 30 days left, then the remainder of the original validity period will remain. There can be no validity extensions provided.

All subsequent offers are issued on a **Conditional offer** basis and are made on the premise that all offers ahead of them in the interactivity queue are NOT accepted. If any of the connection offers ahead of them in the queue do accept and the network can't accommodate the next offer, then the offer is withdrawn, irrespective of whether the customer has accepted or not. Each Conditional Offer has a validity period of 30 calendar days.

Queue Position

Queue order is based solely on application date.

Where two applications meet the requirements of minimum information on the same day, then the actual time will be used to determine queue position e.g. 9:30am vs 3:15pm.

There may be interactive queues at different voltage levels and an application might be in both queues. There could be an interactive queue for generation as well as demand in the same area on the network. For storage, or other mixed generation and demand technologies. It is possible that a customer's position in the demand queue is different to their position in the generation queue.

Interactivity can also occur across both transmission and distribution.

Early warning

We will aim to give an early warning to customers that their application may be interactive as well as an indication of their queue position so that they have advance notice and can plan to manage their internal governance for accepting the offer.



Offers due to be issued

If the likelihood of interactivity is established during the assessment and design of the connection, we will aim to provide an indication before the connection offer is issued that the application may become interactive.

This will likely happen once the network study is complete and therefore will be some time after the application has been received. This notification is intended to alert the applicant that their connection offer may be issued with a shorter validity period than normal. There is benefit for all parties involved that this early warning is issued as soon as practical, however it is not possible to commit to specific timescales for issuing the early warning due to the unpredictable timing of applications received and the time to assess each application.

If the offers is already issued

Where a connection offer has already been issued, we will aim to give an early warning to these customers as well.

This would warn them that it is likely the validity period of their existing connection offer may be reduced at some point soon if interactivity is confirmed. This will also inform the customer that they may not be able to have their connection offer validity period extended as it may become interactive.

Unconditional offers

The application that is first in the interactive queue will be issued with an Unconditional offer.

An Unconditional offer means that this customer has first refusal on the connection and their offer is not dependent on the acceptance of any of the other applicants in the queue.

- If interactivity has not been identified when the first connection offer is made, then a standard connection offer will be made with SPM/SPD's standard 3 month validity period.
- If further applications are received that may become interactive, then the applicant may receive an early warning.
- Once it becomes interactive the applicant will receive revised terms for acceptance. This will take the form of a notice to shorten the validity period.
- If there is more than 30 days of validity period left when interactivity is declared, then the validity period will be shortened to 30 days. If there is less than 30 days left, then the remainder of the original validity period will remain.
- If interactivity has been identified before the first connection offer is made, then an Unconditional connection offer with a 30 day acceptance period will be issued.
- Validity Period will NOT be extended in any circumstances within the Interactivity Process.

Conditional offers

If further applications are received that make use of the same piece of the network, then all subsequent offers will be Conditional connection offers.



The Acceptance Process

Unconditional offer qualified acceptance

In the case of an Unconditional offer, acceptance is required before the end of the validity period, specifically:

- Duly completed acceptance form received. (This must be properly signed and executed to be deemed a qualified acceptance); and
- required payment, under the terms and conditions of the offer. (Normally either payment in full or stage 1 milestone and if applicable any other application fee specified). **Funds must be cleared by the end of the 30 day validity period, without exception;**

Conditional offer qualified acceptance

Conditional offer, applicants do not have to pay until they are notified that they are successful in the Interactive process. Stage 1 Acceptance only requires;

- Duly completed acceptance form received within the validity period. (This must be properly signed and executed to be deemed a qualified acceptance).

Validation of Acceptance

Where an Unconditional offer qualified acceptance is received other parties will be notified that they have been unsuccessful.

Where Conditional offers have been made and applicants have completed Stage 1 Acceptance, we will confirm whether the acceptance is successful. All other Conditional connection offers which can't be accommodated will be withdrawn.

When a Conditional offer has completed Stage 1 Acceptance and then been notified its acceptance has been successful then Stage 2 Acceptance needs to be completed.

Stage 2 Acceptance

Following notification of success, the applicant must make payment under the terms and conditions of the offer within 10 working days of notification. (Normally either payment in full or a milestone profile payment and if applicable any other application fee specified).

Cleared funds must be made by the end of the 10 working day period and no allowances will be made.

Acceptance Queue Position

Once all Unconditional Connection Offers in a queue have accepted, or have not accepted within their validity period, we will continue to confirm as successful any subsequent conditional offers in a queue (that have met Stage 1 requirements) until a connection cannot be made due to the network restrictions. Any offers further down the queue thereafter, even if they can be accommodated would be withdrawn. The principle here is that the first application that cannot connect may incur additional costs if any subsequent applications do connect ahead of them. The applicants queue position is considered the primary consideration.

Re-applications

Customers who accepted their Conditional offer to Stage 1 but were unsuccessful, or customers who had their Conditional Offer withdrawn within its validity period, will be given the opportunity to re-apply for a new connection offer and retain their queue position.

- Customers that re-apply within 10 working days of the notification that they were unsuccessful will maintain their queue position, (their original application date), where any subsequent round of Interactivity is triggered.
- This request applies where the customer confirms there are no changes from the original application.
- Only confirmation is required and not the re-submission of the full application form.
- Any customers who were issued with a Conditional or Unconditional offer and allowed the validity period to lapse will also need to reapply but in these cases the application will be given a queue position based on the new application date. This also applies to where the customer accepted their Conditional offer to Stage 1 and were successful but who **did not** meet the Stage 2 payment requirements detailed above.

Connection Offer Expenses (COE)

SPM/SPD will charge COE for any re-applications. This applies even if another round of interactivity is triggered. The reason for this is that we will need to undertake further network studies. This is regardless of whether it's a formal re-application or confirmation within the 10 day period.

Working Days and Calendar Days

The table below provides reference to the relevant days to be applied.

Applied days	Calendar / Working
Interactivity validity period	30 calendar days
Qualified acceptance – Stage 2 payment period	10 working days
Re-application where unsuccessful to maintain queue position	10 working days

This new process goes live on Tuesday 1st December 2020, so please let us know if you wish to learn more about this or other topics, please have a look at our monthly newsletters and stakeholder engagement pages on the link below:

https://www.spenergynetworks.co.uk/pages/stakeholder_newsletters.aspx

and register as a stakeholder to be invited to our events and webinars and receive industry relevant updates on the link below:

https://www.spenergynetworks.co.uk/pages/register_as_a_stakeholder.aspx

For further information on the ENA guide, see link below:

<https://www.energynetworks.org/industry-hub/resource-library/open-networks-2020-ws2-p3-interactivity-process-guide.pdf>