

Second Code Administrator Consultation

CMP427: Update to the Transmission Connection Application Process for Onshore Applicants

Overview: This modification proposes that a Letter of Authority (LoA) should be required for new Onshore Transmission Connection Applications.



Have 20 minutes? Read our [Executive summary](#)

Have 90 minutes? Read the full Second Code Administrator Consultation

Have 120 minutes? Read the full Second Code Administrator Consultation & Annexes.

Status summary: On 23 February 2024, the CUSC Panel sent CMP427 back to the Workgroup and recommended that extra clarity was added to the legal text to align with the Draft Final Modification Report. The Workgroup have addressed these issues and we are now consulting on the proposed changes to address the Panel recommendations.

Panel recommendation: The Panel will meet on 23 February 2024 to carry out their recommendation vote.

This modification is expected to have a: High impact on Directly Connected Generators, Directly Connected Demand Users, ESO, DNOs and IDNOs

Governance route Urgent modification to proceed under a timetable agreed by the Authority (with an Authority decision).

Who can I talk to about the change?	Proposer: Joseph Henry Joseph.henry2@nationalgrideso.com 07970673220	Code Administrator Chair: Catia Gomes catia.gomes@nationalgrideso.com 07843816580

Contents

Contents	2
Executive summary	3
What is the issue?	5
Why change?.....	6
What is the solution?	6
Proposer's solution	6
Workgroup considerations	7
Consideration of the Proposer's solution	7
Workgroup Consultation Summary	16
Workgroup Alternatives	23
Legal text	25
What is the impact of this change?	26
Proposer's assessment against CUSC Non-Charging Objectives	26
Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories.....	27
Workgroup vote	28
Code Administrator Consultation Summary.....	28
When will this change take place?	33
Implementation date	33
Date decision required by	33
Implementation approach	33
Interactions	33
Acronyms, key terms and reference material	34
Annexes.....	34

Executive summary

What is the issue?

There has been unprecedented growth in applications to connect to the National Electricity Transmission System (NETS) in recent years. It is widely accepted that one of the contributing factors for this is an increase in the number of speculative connection applications, submitted due to the perceived value that Users derive from having a position in the connections queue.

The consequence of this over-subscription includes inefficient network capacity allocation and an inaccurate contracted background for the TOs to plan their network investment to. This risks higher network charges, queue congestion in parts of the transmission network, and longer connection timescales being offered to those applying after first or second comers.

[The Connections Action Plan](#) (CAP) which is a joint paper between the Department for Energy Security and Net Zero (DESNZ) and Ofgem, published in November 2023, has put an action on the ESO to raise a modification to codify the Landowner Letter of Authority (LoA) requirement for new Onshore Transmission Connection Applications, in order to raise entry requirements.

The CAP asked for this modification (CMP427) to be raised by “Q1 2024 or sooner”. The LoA will provide confirmation that the project User¹ (hereafter referred to as the “User”, as per the existing CUSC definition) has either formally engaged in discussions with the landowner(s) in respect of the rights needed to enable the construction of the User’s project on their land, or to demonstrate that the User is the landowner.

What is the solution and when will it come into effect?

Proposer’s solution: This modification proposes that project Users should submit a LoA with any new Onshore Transmission Connection Application, in addition to the existing requirements, for that application to be effective.

Implementation date: 10 business days after Authority decision. This modification should be implemented as soon as possible to help increase efficiency in the connection’s application process.

Summary of alternative solution(s) and implementation date(s):

WACM1 - This Alternative will expand upon the Original solution by including 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 - This Alternative seeks to strike a balance between demonstrating real landowner engagement without imposing an unduly high barrier to entry. The key difference from the Original proposal is to apply a 50% multiplier to the minimum acreage

¹ In the CAP itself such parties are generally referred to as ‘project owner’ or ‘developers’.

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– i.e., to partially reduce the threshold acres-per-MW-registered which appear in the Energy Land Density.

WACM3 - This Alternative includes all solutions outlined in CMP427 Original, WACM1 and WACM2. This will give the Authority the ability to have a full cover of options put forward by the Workgroup.

Workgroup conclusions: The Workgroup concluded unanimously that the Original and WACM1 better facilitated the Applicable Objectives than the Baseline. The Workgroup concluded by majority that the WACM2 and WACM3 better facilitated the Applicable Objectives than the Baseline.

Panel recommendation: Panel will meet on 23 February 2024 to carry out their recommendation vote.

What is the impact if this change is made?

CMP427 establishes greater certainty in User requirements upon application for transmission connections. This modification will also reduce speculative applications.

Interactions

The modification was requested by Ofgem and DESNZ as part of their joint CAP. The Workgroup has considered interactions with the STC and found that procedural changes are not required (to the STC) from the perspective of the TO parties as a result of CMP427.

The Workgroup briefly discussed the interaction with the recently approved Queue Management (QM) policy via modification CMP376, specifically the requirements for Users to evidence compliance to the M3 Land Rights milestone. It was noted that whilst these could/should in principle dovetail, there should be no formal interaction between the LOA process and QM milestone compliance. These discussion points are set out in more detail in the 'Workgroup considerations' section.

What is the issue?

Over recent years, there has been an unprecedented growth in applications to connect to the National Electricity Transmission System (NETS) due to the positive, rapid progress being made in the electricity sector to support the government's decarbonisation ambitions to deliver cleaner energy for all.

Between 1 April 2022 to 31 March 2023, the ESO received a total of 1,732 applications for connections. In contrast, a total of only 333 applications were received during the same period in 2017/2018.

The current connections applications process was not designed to facilitate such an increase in volume. The process for connecting to the NETS was designed for fewer, larger power plants connecting to the system, and the process has remained largely unchanged since Bilateral Exemptible Large Licence Exempt Generator Agreement (BELLA). Additionally, the current average attrition rate for projects due to connect to the NETS is circa 60-70% (i.e., 60-70% of projects which secure capacity following a connection application ultimately failing to connect).

The ESO has noted that one contributing factor to the increased volume and attrition rate is the increase in speculative connections applications being submitted by applicants. This is due to the perceived value of having a Connection Agreement and an earlier position in the queue. The consequences of this, given the current incremental approach of the assessment of applications, includes inefficient network capacity allocation and inaccurate transmission network planning. This contributes to higher network costs, as well as longer timescales for connection dates being offered to projects which have had applications submitted later.

The ESO Connections Reform Consultation, launched in June 2023, proposed Key Target Model Add-ons (TMAs) to compliment the Target Model Options presented in the consultation. The consultation responses overall supported the introduction of a LoA, the purpose of which would aim to ensure developments contracted to connect had a land option in place, therefore reducing the volume of speculative projects in the queue.

The [CAP](#) which is a joint paper between DESNZ and Ofgem, published in November 2023, has put an action on the ESO to raise a modification to codify the Landowner LoA requirement for new onshore transmission connection applications, in order to raise entry requirements and prevent speculative applications. The action plan asked for this modification to be raised by "Q1 2024 or sooner".

This modification proposes that a LoA should be submitted by Applicants for new onshore transmission connection applications alongside existing criteria. The LoA will provide confirmation that the User has either formally engaged in discussions with the landowner(s) in respect of the rights needed to enable the construction of the User's project on their land, or to demonstrate that the User is the landowner(s).

Further consideration of strengthening the scope of the LoA approach will be considered at a later date, potentially via another modification. This may include assessing the

feasibility and suitability of applying the LoA to Offshore Transmission Connection Applications, Modification Applications, and a process for duplication checks.

Why change?

Introducing a LoA requirement at application should help to: Give greater certainty that a connection project is valid at the early stages of the connections journey by confirming that the project User is the landowner or has formally engaged in discussions with the landowner(s) as part of the transmission's connection application process.

- Support the reduction of speculative applications and the number of potentially non-viable project applications being 'clock-started.'

Provide alignment and consistency for Users by establishing an approach for LoA at transmission as well as distribution.

What is the solution?

Proposer's solution

This modification proposes that project User's for generation, storage, or demand² applying to connect to the GB transmission system should additionally submit a LoA with any new³ onshore transmission connection application for that application to be effective.

The LoA will provide confirmation that either:

- a) The project User has formally⁴ engaged in discussions with the landowner(s) in respect of the rights needed to enable the construction of the project on their land (it will not require evidence at this application submission stage that the rights have been granted as this will be required as part of the evidence for milestone M3 "Secure Land Rights" within the Queue Management process introduced under CMP376); or⁵
- b) Confirm that the project User is the Landowner.

This evidence is in addition to the current criteria required for the ESO to treat an onshore transmission connection application as effective (referred to as "clock start"). The current criteria for an application to become effective is noted in Exhibit B⁶ of the CUSC and includes the completion and submission of the following:

- (i) an application form;

² This proposal does not deal with connection applications for either Offshore or Interconnectors. Please note that the ESO advised the Workgroup that it has been in discussion with Ofgem about the possibility of potentially raising another, separate, CUSC Modification to extend the LoA principles to those types of projects (as well as considering how to deal with situations where duplicate LoAs for the same area of land occurs).

³ That is any such application submitted after the implementation date of CMP427, excluding Modification Applications.

⁴ The meaning of "formally" was discussed and agreed by the Workgroup to be that the User has entered into discussions with the landowner or landowner representative appointed by the landowner to submit an application to connect to the NETS.

⁵ 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.

⁶ [download \(nationalgrideso.com\)](https://nationalgrideso.com)

- (ii) the Data Registration Code template; and
- (iii) payment of an application fee.

This modification proposes that a template for the LoA is produced by the ESO, which will be attached to the connection application proforma for Applicants to specify the type of engagement that has occurred in relation to (a) or (b), as above. This will provide consistency in the LoA documentation submitted and further assist Applicants to provide the relevant details to satisfy this requirement. It will also mitigate against potential delays to project User's applications 'clock start' dates due to insufficient or unclear information being provided. Going forward, the User's application will not be declared effective until the LoA has been confirmed to be satisfactory by the ESO.

The LoA template(s) will request the following information:

- The full name of the landowner⁷ and the User;
- The full address of each party;
- Company number and place of registration of the User and if applicable landowner;
- Details confirming that the landowner has formally engaged in discussions with the project User in respect of project development on their land, or documentation to show ownership of the land;
- Site address;
- Signature of the landowner;
- Date of signature;
- Image of the sample plan showing the boundaries of the site referred to;
- The approximate acreage of that site shown on the sample plan; and
- Contact details for the landowner.

The Workgroup has considered the jurisdictional differences between England & Wales and Scotland and believes that the templates of the LoA (see Annex 4) would be suitable for projects located anywhere in GB.

Workgroup considerations

The Workgroup convened 7 times to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions and assess the proposal in terms of the Applicable Objectives.

Consideration of the Proposer's solution

The Proposer noted that the scope for this modification is to address the urgent requirements for a LoA (as recommended by the Authority and DESNZ in the Connection Action Plan at pages 34 and 35). However, further comments and suggestions from the Workgroup in the development of the CMP427 solution that relate to non-CMP427 matters would be noted for subsequent modifications in relation to the Connection Action Plan.

⁷ In all cases where 'landowner' is referenced here this can include, instead, their duly appointed representative.

Topics discussed by the Workgroup:

Obligations of the LoA for Users

The Workgroup discussed the potential obligations that might be placed on the User by the LoA document. This was to understand where responsibilities would lie for parties involved (noting landowners are not necessarily a Schedule 1 CUSC parties⁸), whether landowners are likely to need legal advice to complete it (incurring costs and lengthening the process) and recourse for any problems found with submitted documents/subsequent updates to the information in the LoA. Workgroup members were vocal that the LoA should not cut across the User-landowner or User-ESO relationships. They also questioned whether retrospectivity would apply with this change (please see the notes below on this subject).

It was confirmed (by the Proposer) that the proposed CMP427 solution would only apply to Users and/or to the ESO CUSC Schedule 1 parties. No obligations are to be placed on landowners (or their representatives) unless the landowner is also a User (as per LoA Template B⁹).

The Proposer consulted with their legal team and confirmed to the Workgroup that the LoA would not constitute a legally binding document for the landowner/representative but would serve as a requirement for the User to submit with their connection application (satisfying the joint DESNZ and Authority ask of this modification). The inclusion of a disclaimer¹⁰ on the document was supported by the Workgroup so that all parties are clear on what the LoA does/doesn't constitute in terms of obligations under the CUSC.

Additional validation checks by the ESO to support the LoA

A representative from the ESO's Connections team requested that the LoA ask if the land in question for the application is registered (i.e., with Land Registry – with title numbers provided if so) or unregistered. If land was registered, this would then allow the ESO to conduct an initial check against the Land Registry that the landowner/representative was the appropriate signatory of the LoA.

It was discussed that deeds etc. should not be requested (and may not be available if land was acquired before record-keeping began) so ESO may need to accept ownership on good faith based on the LoA declaration in some cases. The ESO acknowledged that unregistered land may require more time to cross-check. The Workgroup also agreed that relevant wording should account for differences in land registration in Scotland and allow for an option to confirm the correct jurisdiction. The proposed templates offer this option.

The LoA's relationship to Queue Management obligations and milestones

Whilst recognising that the LoA is designed to raise the entry requirements at the pre-application stage, Workgroup members did not want the LoA to require Users to get binding commitments from landowners. A Workgroup member highlighted that the LoA should not secure land rights in any way, and that those considerations would form evidencing compliance to the M3 Land Rights Queue Management milestone (as per the [CMP376](#) Inclusion of Queue Management process within the CUSC).

⁸ And as such, the CUSC cannot place obligations, per se, on landowners or their representatives – it can only do so, in this regard, on Users as CUSC parties.

⁹ See below.

¹⁰ To the benefit of landowners (or their representatives) making it clear that they are not obligated.

The Workgroup discussed how long the LoA should be applicable for, with some Workgroup members preferring for it to endure for as long as possible to be useful, whilst others suggested it was time-limited to the application submission itself. It was noted by the Workgroup that the LoA would be superseded by QM compliance obligations to milestones 1-3 requirements introduced by CMP376¹¹ plus the acceptance of a Connection Offer. It was also agreed that further modifications for the LoA process could increase its scope further. One Workgroup member suggested an LoA validity period of between 6-12 months should be appropriate. This is expanded upon in the 'Post-Workgroup consultation discussions' section later in the document.

A Workgroup member asked whether the LoA would endure up to M3 compliance, or only apply to permit the initial application to the ESO and suggestions were made to make it clear when the LoA applies to (i.e., assessment at point of application only or involved in ongoing checks on projects). The majority of the Workgroup suggested that placing an arbitrary timeframe on the validity of the LoA would be superfluous as it would be superseded by steps at M1, M2 and M3 of the (CMP376) Queue Management process¹². The ESO confirmed that it would treat the LoA as a reflection of the status of land ownership at the point in time the LoA is received¹³.

Another Workgroup member asked whether LoAs could be used to divide land and reserve it up to the M3 stage. After confirmation from the ESO legal team, it was agreed that the LoA would not create any legal obligations to require this to happen. It was highlighted that other changes instigated as part of Connections Reform and the CAP, and initiatives such as cancellation charges, would look to strengthen the connections application process and the LoA would not be able to resolve all issues with uncredible applications via this modification. In addition, it was also noted that a future modification was likely to consider where duplicate LoAs did arise (for the same piece of land) and how they should be treated.

Inclusion of guidance on minimum acreage for different technology types in a guidance note/the Workgroup Report

In order to provide prospective Applicants and an indicative scale of land required for an application (and so the ESO can assess that the submitted LoA is credible¹⁴) Workgroup members supported the creation of a non-prescriptive and non-codified table of typical acreages per technology type (minimum energy densities).

It was advised that this shouldn't be definitive (to allow for flexibility while applications/planning progresses and not stifle innovative development) and it was felt that this needn't be part of the LoA document/CUSC itself. Instead, this table will feature within the CMP427 Workgroup Report/Final Modification Report and an ESO guidance note, with a clear description of its purpose and to encourage valid and appropriate applications (with updates shared to industry via CUSC Panel if required).

¹¹ [CMP376: Inclusion of Queue Management process within the CUSC | ESO \(nationalgrideso.com\)](https://www.nationalgrideso.com/document/294211/download)

¹² <https://www.nationalgrideso.com/document/294211/download>

¹³ Which is when it is submitted, by the User, with their project connection application.

¹⁴ The Workgroup summarised this, simplistically, as the 'building a 100MW project in a back garden' where the land area covered in the LoA is so substantially small as to make it not credible to be able to build the purported project upon it.

ENERGY LAND DENSITY - De minimis requirements

(TBC values below are being scoped and will feature within the ESO guidance note released at the point of implementation)

Plant Type	Minimum acres per MW registered
Biomass	TBC - Feedback encouraged from Industry
Combined Cycle Gas Turbine (CCGT)	TBC - Feedback encouraged from Industry
Combined Heat and Power (CHP)	TBC - Feedback encouraged from Industry
Coal	At ESO discretion
Demand (includes data centres and traction (such as HS2 and National Rail))	At ESO discretion
Energy Storage	0.020
Gas Reciprocating	0.025
Hydro	TBC - Feedback encouraged from Industry
Nuclear	TBC - Feedback encouraged from Industry
Open Cycle Gas Turbine (OCGT)	0.004133
Oil and Advanced Gas Turbine	TBC - Feedback encouraged from Industry
Pump Storage	TBC - Feedback encouraged from Industry
PV Array (Photo Voltaic/Solar)	2.0
Reactive Compensation	Suggest at NGESO discretion
Thermal	TBC - Feedback encouraged from Industry
Waste	TBC - Feedback encouraged from Industry
Wind Onshore	10
Synchronous Comp	TBC - Feedback encouraged from Industry

Please note that the technology types specified in the above table are aligned with the categories specified in the connection application form/template existing Connection Application documentation used by the ESO and the figures stated in the table above are indicative. The ESO acknowledge that the demand category may be later amended to reflect the different types of demand wishing to connect to the NETS.

Workgroup members suggested that if energy density information was unavailable, then an approach based around an average of the last ten projects connecting per relevant technology type could be referred to (e.g., TEC register in conjunction with other publicly available information, or the appropriate supporting data as per the method used in the calculation of the Annual Load Factors for TNUoS charging). The ESO is open to any industry suggestions on this matter and will take this into consideration.

A TO Workgroup member noted that the ESO themselves would need to be comfortable with the data within any such table, especially if TOs weren't expected to form part of any validation/checking process. Another Workgroup member highlighted that the TOs are capable of providing such support through their technical competency checks. Following further conversations between the ESO and TOs, it was agreed that the ESO alone would assess validity of LoAs with no obligations on the TOs.

It was also agreed by the Workgroup that this table would be useful supporting information for the LoA as the guidance it will give will be to help with completion and subsequent assessment (by the ESO) of a valid document.

The Workgroup noted that for storage projects a measure of MWh per acre was inappropriate versus MW per acre, as Users do not need to state their duration at the application stage.

The ESO clarified the scope of 'other' project types for the LOA approach. Reactive compensation projects (including Pathfinders) were included, and the ESO also confirmed that tidal generation would be classed as Offshore for these purposes (and thus were not within the scope of CMP427, which only relates to Onshore projects).

A Workgroup member suggested that the ESO include a reference on the table to the process for assessing applications for emerging technologies not listed in the table (for example, for the ESO to seek data from the public domain, from Users, academia, or industry to engage in case-by-case discussions with applicants).

When updating the draft LoA, the ESO included that Users should stipulate the minimum acreage discussed with the landowner at that stage (in the engagement discussions at the point of the landowner signing the LoA) whilst the Workgroup noted that the acreage can change and that the technology types are also stipulated in the separate Connection Application documentation.

A Workgroup member expressed concerns about the figures used within the table compared to the information the User will have at that connection application stage. After discussion, the ESO and other Workgroup members were comfortable with the table being indicative and used as a guide only for minimum land values.

It was agreed that values in the table should be reviewed periodically by the ESO (in consultation with stakeholders), and updates shared with industry as necessary. There was a feeling in the Workgroup that over time and as technology develops, the MW/acreage values should increase as technology types become more efficient. The ESO confirmed that this table would be included in a guidance note, which may be updated from time to time to reflect technology changes.

The ESO confirmed that figures within the table will be used as a guide to sense-check against an application, with queries then being followed-up by the ESO to support verification of the application (including the possible use of GIS software to gauge proposed land areas on submitted plans). It was explained that while this information will influence acceptance of the Connection Application, it would not determine queue position which is established after an offer is signed.

The use of LoAs on project applications involving multiple landowners

A Workgroup member questioned the scenario where an application will involve multiple landowners. An ESO representative asked for the Workgroup's view on whether multiple LoAs should be submitted for all areas of land that the User, in good faith, believes will be involved in the project. This was supported by a Workgroup member.

Referring to the energy land density table (see above) the Workgroup concluded that the LoA(s) submitted to the ESO (in the application) should cover sufficient land for the MW

size of the application (by the requisite technology or, in the case of a hybrid project, technologies).

The course of action should multiple applications be made for the same land

It was noted that the issue of multiple Users ‘duplicating’ LoAs with one another (for example where a landowner has signed more than one LoA for the same parcel of land) would be addressed in a future CUSC Modification - and not CMP427.

The relevance of a landowner withdrawing agreement

The Workgroup discussed the concept of LoA withdrawal, and whether that had similar effect to the same process at Distribution.

It was agreed that, for now, the LoA would only have standing at the point of Users application, and there would be no consequences for Users of a landowner LoA withdrawal at any time.

Implementation and retrospectivity

As an urgent modification the Workgroup agreed, by reference to Ofgem’s published¹⁵ urgency criteria, that retrospectivity was unlikely to be appropriate for CMP427 as this was only permitted in exceptional circumstances. The ESO also noted that to apply retrospectivity would likely cause delays to implementation of CMP427 because of the extra administrative work needed. The ESO also recognise that this may also be problematic for Users in terms of securing a successful application. The ESO also noted that the Authority and DESNZ did not request retrospectivity as part of their CAP.

The ESO confirmed that LoAs will be required for any new onshore bilateral agreements and new connection applications submitted after the implementation date for CMP427. A Workgroup member recommended that the Proposer consider recommending a swifter implementation timeline, rather than the standard 10 working days. The Authority representative was asked to confirm whether implementation of less than 10 working days post-decision was acceptable due to the urgency status of CMP427. The Authority representative confirmed that the implementation period can be entered of the duration that is considered most appropriate in the circumstances. The recommended period can be less than 10 working days between Authority approval and implementation. The implementation date however is proposed by the Workgroup and agreed by CUSC Panel prior to submission to the Authority.

The ESO confirmed that BEGA/BELLA applications are out of scope of CMP427 and are, instead, governed by the LoA obligations with the respective DNO.

The ESO advised that the LoA will be held within the other documents submitted with the application, but not used for any other purpose.

Although not expected to be available for submission with the Final Modification Report, the proposed guidance note from the ESO to support CMP427 changes would be ready for industry by the point of implementation following Authority approval. ESO noted that

¹⁵ [Ofgem Guidance on Code Modification Urgency Criteria | Ofgem](#)

the CMP427 Workgroup members would be invited to review the note due to their involvement with the relevant conversations.

The format of the LoA - (Template A/B in Annex 4)

The Workgroup discussed whether a fixed template or an adaptable version of the LoA would be most appropriate. The ESO expressed a preference for a standardised version to reduce processing time, although variations could be submitted to the ESO for their consideration, and the form of the LoA updated accordingly and then shared with industry (e.g., via the Transmission Charging Methodologies Forum or CUSC Panel). A Workgroup member suggested that allowing varied or bespoke versions could increase costs and stringency into the wording¹⁶ and standardisation should be reassuring to a landowner as to their liabilities and obligations (or lack thereof as landowners are not Schedule 1 parties). It was also noted that a standardised version was most aligned with the CAP's requirement that the LoA be both robust and efficient.

Due to concerns that a landowner may be reluctant to sign such a document without legal advice and subsequently incurring legal fees themselves, the Workgroup discussed whether the User director's letter (Template B) or a hybrid version of that would be preferential to a landowner LoA.

The Workgroup proceeded with separate landowner LoA (Template A) and User director's letter versions (Template B) where the User owned the landed needed for the project.

A Workgroup member suggested that, with it being clear that no obligations will be committed to by signing it, they expected landowners to agree to the standardised LoA. Another member referenced that they had not had an issue with a DNO LoA in 10 years by simply clarifying i) ownership of the land and ii) there'd been a discussion about an application for a project of a certain technology type.

Workgroup members helpfully provided DNO LoA examples which were reviewed for comparison with the proposed transmission LoA draft, and no changes (to the draft transmission LoA) were found to be needed from examining these DNO examples.

The Workgroup discussed having two versions of Template A - with one for where a landowner had been engaged and another if a landowner representative had been engaged instead. However, the ESO suggested that one template should be sufficient, with the template including an option to express whether the landowner or their appointed representative has completed the LoA. It would also state whether the landowner or their appointed representative should be contacted as part of verification checks undertaken by the ESO. The Workgroup agreed this was a preferable approach.

Specific wording for the LoA

¹⁶ Another Workgroup noted it would also introduce a risk element that such a version (and thus the project application) may be rejected by the ESO as being insufficient to meet the ESO's needs,

When reviewing the draft LoA Templates A and B, including suggestions from the Workgroup, it was discussed that the document should provide sufficient clarity (for reassurance to all parties) without adding unnecessary complexity. The Workgroup was mindful that the form of the LoA should not create concern with landowners which could be a blocker for a User submitting a connection application in a timely manner to the ESO.

For Template A:

- The Workgroup agreed that it be made clear which party is completing the LoA (the landowner or their representative), although the process will be led by the User and the User will submit the document to the ESO.
- There was a suggestion to allow for correspondence (with the ESO) care of an agent, or their representative, although some Workgroup members felt this could pressure landowners into feeling that they need separate representation for this. It was noted that the template is to be completed by a User¹⁷, so this can be addressed by the User with the landowner.
- The request for address details of the landowner (often separate to the location of the land) and contact details (for the landowner or the landowner's representative) were added, with the option to stipulate whether a landowner or their representative was the preferred contact. This is to help the ESO with land registry cross-checks and verification.
- The Workgroup advised that the LoA template should be clear that, if necessary, follow-up contact made be made by the ESO with landowner or their representative. This would be for specified purposes only (e.g., that the site map submitted was correct based on User-landowner or representative discussions on the proposed project).
- The Workgroup agreed that to support the ESO's validation checks against the submitted plan (and minimum energy densities table) the statement of acreage discussed between parties would be included on the document.
- The ESO noted that checks would be needed for unregistered land for consistency with the process for registered land, and it would be the responsibility of the User to determine the registration status of the land in question. Due to difficulties in determining registration status in some areas (e.g., Scotland), the ESO agreed to review the level of risk to the process from unregistered land in order to mitigate against delays in application validation. The ESO are considering wording of the LoA to provide a declaration of registration status (to the best of the landowner's knowledge) and use of commercially available GIS software against the submitted plans.
- Several Workgroup members supported a non-liability disclaimer so that it was apparent that the LoA is a non-contractual document. The intention is that this negates the need for the landowner to require legal advice or face unknown liabilities.
- The Workgroup's preference was to avoid complex or onerous language, implying that the document had greater legal status/consequence. There was discussion about whether a landowner should 'authorise' the User to submit an application (as they do with DNO LoAs) or 'support'/'agree' to the application. Some parties in the Workgroup had concerns about the term 'authorise' as an appropriate term in

¹⁷ But signed by the landowner (or their duly appointed representative).

this case but agreed there should be consistency across the document. It was suggested that industry be consulted on this point (see question below).

- It was noted that landowners may write on the document themselves (for ESO to be aware of for implementation).
- The Workgroup agreed with the inclusion of a site map or standard red line boundary map to identify the land in question for the application. It would not cover cable routing (not likely to be known at the LoA stage and consistent to the approach for Queue Management M3 Land Rights milestone compliance) or land needed for a network sub-station. It was confirmed by the ESO that access rights would not be required to feature on the map as this is addressed on the planning application.
- The Workgroup agreed that information around surveys or investigations shouldn't be included with the LoA.
- The ESO confirmed that digital signatures on these forms were acceptable, along with traditional wet signatures. The ESO confirmed that this process is in place for other activities so do not foresee this functionality being an issue and noted the benefits this would bring to the overarching process.
- The Workgroup were invited to suggest other key information to gather in the LoA for ESO's post-submission checks.

For Template B:

- The ESO agreed that this template should be consistent, where relevant, with the wording in Template A.

Exemptions

During the course of the Workgroup deliberations, a member noted that there may be merit in considering development of an exemption option to deal with exceptional circumstances (i.e., where it may not be appropriate for a User to seek an LoA from the landowner). For example, there may be circumstances where the User needs to undertake compulsory purchase of the land required for the project. This scenario could particularly apply to future nuclear projects. In such a situation it would not be possible, practically, for the User(s) to obtain an LoA in the form of either Template A or Template B.

Taking this into account and wishing to ensure that all connection applications are treated in a broadly consistent manner by the ESO, it was suggested that an alternative form of the LoA should be developed to cover this scenario. Subject to the agreement of the Authority, a Workgroup member suggested that this alternative form LoA be either signed by the Authority, or by a party that was so designated by the Authority to issue such a document. This LoA would be treated by the ESO as equivalent to Template A or Template B LoAs, and therefore sufficient to meet the LoA requirement introduced by CMP427.

In this regard, a Workgroup member advised that something similar exists already within the CUSC in terms of the Authority being able to designate a party (or parties) as a "Materially Affected Party" which is defined as "any person or class of persons designated by the Authority as such, in relation to the Charging Methodologies".

It was noted that the type of party that might be so designated by the Authority to issue such an LoA equivalent (covering the exceptional circumstances where either Template A or Template B could not reasonably be obtained) could include the Secretary of State. One rationale for designating the Secretary of State is that the exceptional circumstances foreseen are likely to include wider policy issues that are the purview of the Secretary of State.

The Workgroup membership considered the raising of an Alternative Request that would be based on the Original proposal but include a third template (to be known as 'Template C') to deal with this issue. The Workgroup agreed to gather views from consultation respondents on whether an exemption option to deal with exceptional circumstances was (or was not) appropriate to include (via an Alternative Request) in the CMP427 solution.

Several points were raised by the Workgroup about LoA and the application process which can be taken for consideration by subsequent modifications in this area as it is out of scope for CMP427. As noted above, the ESO will look to raise a separate modification in the near future (if CMP427 is approved by the Authority) which would likely cover the following items:

- Avoiding duplication of LoAs (i.e., cross-checks for land being agreed for multiple projects, timestamping LoAs);
- LoAs for Offshore and Interconnection applications; and
- Annual reviews with Users to confirm projects and flag significant changes in plans.
- Inclusion of additional information in the Connection Portal (e.g., noting project acreage).

Workgroup Consultation Summary

The Workgroup held their Workgroup Consultation between 22 January 2024 and 26 January 2024 and received 21 non-confidential responses and no confidential responses. The full responses and a summary of the responses can be found Annex 5.

Key findings are summarised below:

- **All respondents agreed that the Original better facilitated objectives, with 12 respondents feeling objective a, b, d were better facilitated** (3 respondents noting objective d only as better facilitated, 2 respondents noting all objectives as better facilitated and 4 other respondents noting other combinations of objectives).
- **14/21 respondents supported the proposed implementation approach**, 5/21 respondents did not support the proposed implementation approach and 2 respondents did not respond.
 - One respondent believes implementation should be sooner (i.e., as soon as possible) than the 10 business days suggested. The ESO respondent noted that there may be benefit in extending the 10 business day implementation period suggested in order for the ESO to be ready to best facilitate the implementation.

- A respondent felt that as CMP427 would apply to new applications only, it could be implemented immediately following Authority decision.
- **Alternative Requests**
 - 1 respondent expressed the intention of raising an Alternative Request (with support from 3 other respondents but no formal submission). This respondent did express support for the principle, rationale and majority of the proposal for the Original, but the Alternative suggests a reduced minimum acreage threshold for applications (lower than the total acres for the project) compared to the total project values in the suggested guidance note table which they felt were too onerous, and;
 - A separate potential Alternative Request was posed subject to further information being shared on the applicability period of the Original.
- **15/21 respondents felt the proposed LoA meets the objectives set by Ofgem and DESNZ**, with 4/21 feeling it did not meet those objectives, 1/21 not responding with either yes/no and one respondent feeling that the Original met the objectives 'in part'.
 - One respondent noted that the Original may be a bare minimum product and not meet the longer-term benefits envisaged (hence their request for a further modification to be defined).
 - A respondent noted a CAP objective involving amended connection applications and was not clear at this stage how CMP427 applied to those.
- **11/21 respondents believed that an LoA should have a validity period** with 8 respondents believing it should not and 2 respondents not responding with either yes/no.
 - Suggestions from respondents included 6-12 months, a 12 month 'apply by' window, 15 months max., 3 months - 1 year and up to offer signature date. One respondent referenced UKPN using 3 months and 12 months being standard practice for distribution LoAs.
 - A respondent reflected that validity of the LoA only relates to be valid at the time of the connection application.
 - A respondent notes that validity would be unnecessary as the CMP376 Queue Management process incorporates time limits and would take precedence.
- **20/21 respondents agreed with the principle of an Energy Land Density table**, with the remaining one respondent not leaving a yes/no answer.
 - A respondent noted that the table will act as merely an indicative tool for guidance and suggested discretion when used by the ESO.

- A respondent supports the inclusion of a red line boundary.
- Respondents supported including clear guidance for applicants regarding project/land requirements and the ESO permitting justification of projects outside of suggested land values.
- **19/21 respondents agreed with the format and categories proposed in the table** (3 respondents not leaving a yes/no answer).
 - A respondent suggested that the LoA covers the percentage of land required as some landowners may be unwilling to engage if connection dates are unknown for 10 years or more (especially with the advent of connection windows).
 - A respondent suggested Template A should explain what the ESO is (as Template B does)
- **14/21 respondents did not have different values to feature in the Energy Land Density table**, 5 respondents did have different values to provide and 2 respondents did not leave a yes/no answer.
 - One respondent noted that PV values felt dense but feasible, with another respondent feeling that the PV value should be lowered to 2.0 acres due to allow for ongoing trends in energy density advancements for this technology.
 - One respondent had concerns over figures for onshore wind projects requesting justification for how values have been established and consideration of regional environmental and planning differences to use a lower value than 10 acres per MW.
- **13/21 respondents believed that the LoA should be in the form of a standard template**, with 5 respondents not believing a standard template was correct and 3 respondents did not leave a yes/no answer.
 - A respondent noted that if standardised the ESO permit 'minor' annotation without rejection (suggested this be covered in the guidance note).
 - A respondent noted that standardisation creates consistency in treatment of Users, while a separate respondent felt that as long as the key information was provided, format shouldn't matter. Other respondents noted that standardisation would aid efficiency in managing applications.
- **11/21 respondents did not believe the word 'authorise' would have adverse legal consequences if used in the LoA**, with 8 respondents not leaving a yes/no answer and 2 respondents believing it would have adverse legal consequences.

- Comments in support of the term included a respondent noting that DNOs also use the term 'consent' and another respondent noting that it was robust to make the LoA binding.
- Comments not comfortable with the term included a respondent feeling that the term is misleading if it implies the landowner gives permission for an application rather than acknowledging conversations had begun. A respondent suggested a landowner could select the appropriate term (delete as appropriate).
- A respondent not willing to state yes/no preferred to have the view of the ESO legal team on this.
- **11/21 respondents believed that the proposed LoA template was suitable for English, Welsh and Scottish jurisdictions**, but 9/21 did not offer a yes/no answer (one response preferring a view from ESO's legal team). One respondent did not believe the template to be suitable for all jurisdictions.
 - One respondent suggested that a reference to 'Land Register of Scotland' be included for Scottish sites (with 'Land Registry' being relevant for other areas).
 - The same respondent noted that Template B puts onus on developers for collecting information, and on ESO for verifying information, for the large amount of unregistered land in Scotland. A suggestion was to suggest documents are provided on request.
- **12/21 respondents believed that technology type should be included on the LoA template**, but 8 respondents did not believe it should be included and one respondent did not provide a yes/no answer.
 - Comments for the inclusion noted that it would add clarity (but is already included in the application process) and suggested a provision for more than one type be included. A separate respondent supported it for assurance around submissions and clear intent to landowners.
 - Comments against the inclusion referenced the need for an option to change technology type as project scope/market conditions can change. One respondent noted this not being needed for distribution LoAs.
 - A respondent suggested that if technologies in a BCA change, a new LoA should be required to reflect such discussions with a landowner(s). A separate respondent referenced such changes would be better managed via a specialised approach such as DNO's 'Allowable Change' process.
- **14/21 respondents considered the exemption approach appropriate for exceptional circumstances**, with 4 respondents not having a yes/no view and 3 respondents feeling that the approach was not appropriate.

- One respondent noted that the Workgroup consider the organisations that could allow exemptions (e.g., the Authority), and one respondent suggested that reasons for exemptions be publicly shared.
- One respondent expressed a preference for exemptions to be dealt with on a case-by-case basis, and with negotiation with landowners being a precursor to compulsory purchases, best endeavours should be made to get a LoA (even Nationally Significant Infrastructure Projects).
- One respondent supported an exemption process and noted that the LoA process should not unduly detriment one type of project (another respondent noted that it should not become a loophole to avoid a LoA).

Other comments:

- A respondent supported a subsequent modification to build on the CMP427 solution. A separate respondent requested an outline and timings for this from the ESO. A respondent noted CMP427 as a productive start to the Connections Reform suite of works and encouraged ESO to discuss issues for the next modification to address prior to CMP427's submission to expedite next steps.
- Two respondents expressed the need for urgent action, supporting the reduction in speculative applications. One respondent felt a balance was needed to avoid an LoA becoming a barrier to viable projects.
- A respondent supported the importance of the disclaimer text on the LoA to reinforce that this is not a legal document.
- A respondent from a Transmission Owner expressed that measures to ensure viable projects will provide TOs with confidence for investment planning.
- One respondent suggested that disparities may arise if LoAs are needed for all landholdings as for larger projects may not be able to secure every LoA in time for an application.
- One respondent suggested guidance for when landowners rescind authorisation.
- A respondent from a Distribution Network Operator noted that DNOs often apply for a new supply point which while associated with a project can be on a different site. If the LoA relates only to triggering development, it was suggested that supply points are considered.
- A respondent from a generator organisation (although not a Workgroup participant) supported alignment with distribution equivalents where practical for efficiency.
- A respondent suggested that an appeals process was made clear to industry.
- A suggestion was made to consider mirroring the information required in the connection application to align with the BCA.

Post Workgroup consultation discussions

At Workgroup meeting 5, the Workgroup reviewed and discussed the consultation responses to address issues that had been raised.

Implementation:

In response to comments from the consultation about a shorter implementation period following Authority decision, the Proposer suggested that the 10 business days suggested would permit the ESO to complete training on facilitating the LoA process. They expected this period to be sufficient, especially as the process will apply to new applications only. A Workgroup member supported the 10 day period to allow preparation time for the ESO to be ready, but also to give Users preparation time for using the process after an Authority decision (if approved).

Alternative Requests:

Considering the consultation feedback, a Workgroup member formalised their suggestion for an exemption approach with Workgroup Alternative Request 1 which was voted by majority into a Workgroup Alternative CUSC Modification (WACM1). The Authority representative present was comfortable with WACM1 being submitted for consideration. The Proposer outlined the '2-gate' process and agreed to look at legal text to be clear whether multiple parties could be designated to sign this form of LoA.

The consultation respondent suggesting an Alternative Request for acreage thresholds and the inclusion of connection points in the LoA was invited to Workgroup meeting 5 and presented their request. The Workgroup discussed the need for the CUSC to obligate Users to provide certain information as part of the LoA (such as a minimum acreage) or obligating Users to consult the non-codified ESO guidance note which then sets the parameters/context for that information. A Workgroup member suggested that the Workgroup still be involved in the ESO's development of the guidance note, separate to the codified elements of CMP427.

In relation to the acreage thresholds, some Workgroup members voiced their view that the vast majority (if not all) of land should be covered with LoA(s) and were wary of incorporating strict red line boundary change policies into this process.

A Workgroup member supported the Alternative Request's suggestion of a threshold of total acreage to prove an application is not speculative, with consideration that with the introduction of annual application windows Users may not have time to get LoAs to cover all land for their project.

The topic of multiple LoAs covering the same land was raised by a Workgroup member alternate and agreed as consideration for a subsequent development modification.

Alternative Request 2 was voted by majority in Workgroup 6 and become WACM2.

The Proposer of the Original solution raised Alternative Request 3 which was voted by a majority in Workgroup 6 to become WACM3. WACM3 includes all solutions outlined in

CMP427 Original, WACM1 and WACM2. This will give the Authority the ability to have a full cover of options put forward by the Workgroup. A further potential Alternative Request was discussed – whether the LoA should have an expiration or applicability beyond application date. The Workgroup member who suggested this potential alternative believed it would provide a more robust process than the Original, where the LoA ceases to have a formal purpose after application. The Workgroup member felt that if landowners could withdraw their support for a project immediately post-application, that the Original proposal was not too dissimilar to the Baseline. In their view, adding short-term applicability (e.g., up to offer acceptance date) could give Onshore TOs more assurance on the viability of the applicant's project to make better investment decisions.

The Workgroup briefly discussed this potential alternative. Whilst they understood the Workgroup member's perspective, they ultimately agreed that any applicability beyond application would be better considered as part of a future modifications. They also felt that adding a short-term requirement via CMP427 without including enforcement processes – which could be complex - would limit any benefit. The Workgroup member therefore decided against pursuing the alternative, on the basis of commitment from the ESO to consider this concept in any future evolution of the LoA process (e.g., Connections Reform).

LoA validity:

The Workgroup discussed how there had been some misinterpretation of what the LoA's validity period specifically referred to. The Proposer clarified that the ESO is suggesting that a LoA is 'valid' for 12 months from the point of signature to the point of application, and that a subsequent development modification could address the role of the LoA post-application. A Workgroup member supported this in line with the CAP objectives for this modification to confirm formal engagement pre-application.

The Workgroup agreed that the LoA's 'validity' period refers to a period pre-application. This will be covered within the guidance note.

Subsequent development modification:

Workgroup members were keen to understand when development of the LoA was planned to cover topics out of scope for CMP427. While dates could not be confirmed, a Workgroup member suggested that updates on intentions for these changes will be publicised at upcoming Connection Process Advisory Group meetings.

Meeting the objectives set by Ofgem and DESNZ:

Considering the consultation response which found CMP427 to be unclear about how it would apply to amended connection applications, the Workgroup agreed that modification applications for projects would need to be made as part of a secondary modification.

The LoA as a standardised template:

The Proposer outlined that a position was due from ESO's legal team on whether minor adjustments to the LoA would be permitted/accepted (update due Workgroup meeting 6). A Workgroup member requested confirmation as to whether non-

standardised templates would be accepted or rejected. The ESO confirmed that use of the template would be the preferred method.

Use of the term ‘authorise’ in the LoA:

The Proposer was aligned with the majority view of the consultation responses that ‘authorise’ would not cause legal issues and confirmed its use in the final draft. A Workgroup member supported this considering the document is a ‘letter of authority’ and the disclaimer featured reiterates that it is not legally binding for the landowner.

The LoA’s suitability across English, Welsh and Scottish jurisdictions:

The Proposer noted the consultation responses’ suggestions and agreed to provide an update on the ESO’s position regarding the LoA process and unregistered land in Workgroup meeting 6. The Workgroup agreed that the LoA template offers applicants the choice to select the appropriate jurisdiction and whether land involved in the LoA is registered/unregistered.

Whether to include technology type(s) on the LoA:

The Proposer was comfortable including technology type(s) on the LoA and the Workgroup considered how best to include them, noting that it would need to be written/typed vs a tick box which could be changed post-signature.

In response to a Workgroup member highlighting a potential loophole or complications with IDNO applications, the Proposer confirmed that the ESO were considering how to assess demand applications.

It was noted that the solution clearly states all relevant Users to which the LoA process applies, including all new Bilateral Connection Agreement applications.

Workgroup Alternatives

Three Workgroup alternative solutions were raised post Workgroup Consultation. The Workgroup debated it and agreed that it was within the scope of the defect.

Workgroup Alternative Vote

On 31 January 2024, the Workgroup voted whether the proposed “Request for an Alternative” should become a Workgroup Alternative CUSC Modification (WACM). The Workgroup voted by majority that the Alternative better facilitates the CUSC Code Objectives rather than the Original, and that it should be taken forward as a Workgroup Alternative CUSC Modification (WACM1). The full results from this vote are set out in Annex 6 and the Alternative Request 1 for WACM1 is available in Annex 7.

Alternative Requests 2 and 3 were voted on 05 February 2024. The Workgroup voted by majority that the Alternatives better facilitates the CUSC Code Objectives rather than the Original, and that it should be taken forward as a Workgroup Alternative CUSC Modifications (WACM2 and WACM3). The full results from this vote are set out

in Annex 6 and the Alternative Requests are available in Annex 8 (WACM2) and Annex 9 (WACM3).

WACM1:

This Alternative Request submitted by SSE Generation will expand upon the Original solution by including 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 that formal discussions have been entered into, by the developer, with a bona fide body that is of sufficient nature as to be able to make a Connection Application.

With this alternative form a Template 'C' LoA could either be signed by the Authority, or by a separate party that was so designated by the Authority to issue such a Template 'C' based document to a User.

This Template 'C' LoA would be treated by the ESO as equivalent to either Template A or Template B LoA, and therefore sufficient to meet the LoA requirement introduced by CMP427.

This solution would be based around the similar designation process that already exists within the CUSC in terms of the Authority being able to designate a party (or parties) as a "Materially Affected Party" which is defined as "any person or class of persons designated by the Authority as such, in relation to the Charging Methodologies".

Thus, with this alternative, the Authority would be able to designate a party as a 'Template C Party' if the Authority, taking into account those matters it considered relevant, believes that to be appropriate in the circumstances.

For the avoidance of doubt, it is not expected that a User would be able to be a 'Template C Party'.

WACM 2:

This Alternative Request submitted by BayWa r.e. seeks to strike the right balance between demonstrating real landowner engagement against the practicalities of project development and engagement with multiple landowners.

WACM2 Proposer stated the following:

- There are energy parks with 10-20 separate landowners involved; for which requiring 100% returns of LoA is impractical and an undue barrier for these projects. Individual landowners may be unavailable, in transition or under a sale process, unresponsive or otherwise unable to provide a LoA, yet there may be sufficient LoA(s) to justify and progress a non-speculative project. This is particularly the case prior to submission for planning consent (landowners have joined or left projects close to the point of submission).
- It is noted that the M1 planning submission milestone can occur some time after a connection application is made, and therefore that some degree of uncertainty for a

project with multiple landowners is likely at the time of making a connection application. It is also important to note that the M3 land rights milestone still applies in full.

WACM2 proposes that, rather than requiring LoAs for 100% of the area thought necessary for the plant type and MW requested, that instead a proportionate threshold value is set, to recognise these challenges. For better certainty of connection design planning, this Alternative requires that the User’s proposed site of connection (a single point within the proposed development) is to be within an area addressed by a LoA. This latter point aligns with how DNOs implement LoA.

The main difference between WACM2 and the Original solution is to replace the “table of typical acreages per technology type (minimum energy densities)” with a table showing de minimis thresholds for acceptable connection applications, which are set at 50% of the typical acreages per technology type (howsoever the latter is updated from time to time).

The initial Alternative Request included a suggestion for electrical connection points to be included in the LoA land area. Upon discussion with the Workgroup, it was agreed that this element could be considered as part of subsequent modification.

WACM2 Proposer also considered to apply the 50% threshold only to sites with multiple landowners. Upon discussion with the Workgroup, it was decided that multiple ownership will be considered in the subsequent modification.

WACM3:

Alternative Request 3, submitted by the ESO, seeks to provide the Authority with a full cover of solutions put forward by the Workgroup. WACM3 includes all solutions outlined in CMP427 Original, WACM1 and WACM2.

Legal text

The legal text for this change can be found in Annex 4.

Differences in legal text versions between the Original and WACMs are outlined below:

	Section 2	Section 11
Original	Original Section 2 includes: <ul style="list-style-type: none"> • 2.13.1 & 2.13.2 referencing LoA (pg.11) • Schedule 2: LoA Templates A+B (pg.33) 	Original Section 11 includes: <ul style="list-style-type: none"> • Definition of LoA (pg.46)
WACM1	WACM1 Section 2 includes: <ul style="list-style-type: none"> • 2.13.1 as per the Original plus a Template C reference & 2.13.2 as per the Original (pg.11) • Schedule 2: LoA Templates A+B+C (pg.33) 	WACM1 Section 11 includes: <ul style="list-style-type: none"> • Definitions of LoA (pg.46) and Template C User (pg.76)

WACM2	<p>WACM2 Section 2 includes:</p> <ul style="list-style-type: none"> • 2.13.1 as per the Original & 2.13.2 with a 50% Energy Density threshold reference added (pg.11) • Schedule 2: LoA Templates A+B as per the Original (pg.33) 	<p>WACM2 Section 11 includes:</p> <ul style="list-style-type: none"> • Definition of LoA (p.46) (as per Original Section 11)
WACM3	<p>WACM3 Section 2 includes:</p> <ul style="list-style-type: none"> • 2.13.1 with the Template C reference (as per WACM1) & 2.13.2 with a 50% Energy Density threshold reference (as per WACM2) (pg.11) • Schedule 2: LoA Templates A+B+C (as per WACM1) (pg.33) 	<p>WACM3 Section 11 includes:</p> <ul style="list-style-type: none"> • Definitions of LoA (pg.46) and Template C User (pg.76) (as per WACM1 Section 11)

What is the impact of this change?

Proposer’s assessment against Code Objectives

Proposer’s assessment against CUSC Non-Charging Objectives	
Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	<p>Positive</p> <p>This modification will allow the ESO to manage the connections applications queue in a more efficient manner, preventing speculative applications without landowner authority from entering the queue.</p>
(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;	<p>Positive</p> <p>This modification will allow fairer and more efficient access for new generation projects to connect to the NETS.</p>
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<p>Neutral</p>
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<p>Positive</p> <p>This modification will increase efficiency in management of the connections application queue by reducing speculative applications.</p>
<p>*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.</p>	

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	<p>Positive</p> <p>When coupled with Queue Management changes introduced through CMP376, greater efficiency in the connections process will result in improved connection design and times which will increase diversity of the energy mix and improve security of supply.</p>
Lower bills than would otherwise be the case	<p>Positive</p> <ul style="list-style-type: none"> • Reduction in unnecessary network capacity allocation and network design, leading to lower TNUoS costs. • Increase in new connections may translate into better options for decisions in balancing services, leading to BSUoS efficiencies. • There should be less speculative projects and so less cancellations, lowering risk of costs.
Benefits for society as a whole	<p>Positive</p> <p>Quicker connections to the NETS will prove beneficial for society as it will increase diversity in the energy mix, improving system security and will encourage new legitimate projects to connect.</p>
Reduced environmental damage	<p>Positive</p> <p>More new and greener technologies will be able to connect to the system in a more expedient fashion.</p>
Improved quality of service	<p>Positive</p> <p>Ability to focus on and resource projects which are likely to progress/connect to the NETS.</p> <p>Information provided within the LoA could help with the risk of over-investment from the TO(s)</p> <ul style="list-style-type: none"> • The LoA gives greater certainty that a connection project is valid and progressing. • May support in the reduction of speculative applications. <p>Helps towards a customer achieving queue management milestone 3 (as per CMP376) as engagement with the landowner(s) has already started.</p>

Workgroup vote

The Workgroup met on 07 February 2024 to carry out their Workgroup vote. The full Workgroup vote can be found in Annex 6. The table below provides a summary of the Workgroup members' view on the best option to implement this change.

The Applicable CUSC (non-charging) Objectives are:

CUSC non-charging objectives

- a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
- 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;
- c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
- d) Promoting efficiency in the implementation and administration of the CUSC arrangements.

*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

The Workgroup concluded unanimously that the Original and WACM1 better facilitated the Applicable Objectives than the Baseline. The Workgroup concluded by majority that the WACM2 and WACM3 better facilitated the Applicable Objectives than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	15/15
WACM1	15/15
WACM2	12/15
WACM3	14/15

Code Administrator Consultation Summary

The first Code Administrator Consultation was issued on the 12 February 2024 closed on 16 February 2024 and received 11 non-confidential responses and one confidential response. A summary of the responses can be found in the table below, and the full responses can be found in Annex 12.

Code Administrator Consultation summary	
Question	
Do you believe that the CMP427 Original Proposal or WACM1/WACM2/WACM3 better facilitates the Applicable CUSC Objectives?	The following numbers of Respondents noted their preferred solutions: <ul style="list-style-type: none"> • Original - 0 • WACM1 - 4 • Original or WACM1 - 2

	<ul style="list-style-type: none"> • WACM2 - 0 • WACM3 - 4 <p>Plus, one Respondent (an Interconnector) did not record a preferred option as they feel the solutions do not apply to their organisation at this time.</p> <p>When combined, the responses from 11 non-confidential Respondents saw all solutions as better facilitating against Objectives A, B and D. Two Respondents felt that only the Original and WACM1 better facilitated Objective C.</p> <p>From 11 non-confidential responses received, here are the number of times the objectives were marked as better facilitating the respective solution:</p> <table border="1" data-bbox="587 786 1402 1115"> <thead> <tr> <th></th> <th><u>Original</u></th> <th><u>WACM1</u></th> <th><u>WACM2</u></th> <th><u>WACM3</u></th> </tr> </thead> <tbody> <tr> <td>Objective A</td> <td>x9</td> <td>x9</td> <td>x6</td> <td>x10</td> </tr> <tr> <td>Objective B</td> <td>x8</td> <td>x9</td> <td>x4</td> <td>x6</td> </tr> <tr> <td>Objective C</td> <td>x1</td> <td>x1</td> <td>x0</td> <td>x0</td> </tr> <tr> <td>Objective D</td> <td>x8</td> <td>x8</td> <td>x6</td> <td>x7</td> </tr> </tbody> </table> <p>One Respondent (an Interconnector) did not record comments on any objectives as they feel that the solutions do not apply to their organisation at this time.</p>		<u>Original</u>	<u>WACM1</u>	<u>WACM2</u>	<u>WACM3</u>	Objective A	x9	x9	x6	x10	Objective B	x8	x9	x4	x6	Objective C	x1	x1	x0	x0	Objective D	x8	x8	x6	x7
	<u>Original</u>	<u>WACM1</u>	<u>WACM2</u>	<u>WACM3</u>																						
Objective A	x9	x9	x6	x10																						
Objective B	x8	x9	x4	x6																						
Objective C	x1	x1	x0	x0																						
Objective D	x8	x8	x6	x7																						
<p>Do you support the proposed implementation approach?</p>	<ul style="list-style-type: none"> • 10/11 non-confidential Respondents supported the proposed implementation approach. • One Respondent from the Interconnector did not record a response as they felt it is not applicable to their organisation at this time. 																									
<p>Do you have any other comments?</p>	<ul style="list-style-type: none"> • Over half of non-confidential Respondents noted the improvements from the solutions would raise entry requirements and reduce speculative applications (with some detailing better competition and meeting Ofgem/DESNZ CAP objectives as resulting benefits). • Several Respondents referenced the development of the LoA process from CMP427's 'minimum viable product' via subsequent modification(s) and requested updates/involvement with this as soon as possible. • Multiple Respondents mentioned the need for clear guidance to industry for effective implementation. 																									

- A Respondent questioned whether there would be an escalation process for disagreements and a two Respondents also asked how ESO validation discussions could impact timings (especially with when connection windows are applied).
- Several Respondent noted their support for the implementation approach to be as soon as possible to allow for ESO to be prepared and guidance available.
- Two Respondents expressed support for the land density value multiplier applied in WACM2 (to facilitate competition and not disadvantage large projects), while three others expressed that felt this may not meet the CAP intentions or would weaken the effectiveness of the LoA process.
- Several Respondents (other than WACM1's Proposer) noted favour for Template C as a sensible/reasonable/necessary option to allow for compulsory land purchase and not limiting such projects coming to market.
- The Respondent from the Interconnector noted the discussions putting Interconnectors and Offshore applicants out of scope for CMP427 but requested to be part of future conversations if subsequent modifications on this topic will involve these applicants.

Legal text issues raised in the consultation

One Respondent suggested that legal text should feature additional clarification on the categories of Users (and use of 'Users' as a term) requiring an LoA with their application, e.g., excluding DNO/IDNO connection applications.

ESO response to proposed legal text changes: The Proposer has advised that the modification was designed to raise the barrier to entry for all connectees to the NETS, regardless of their categorisation as a network operator. Page 22 of this document makes it clear that this should apply to all Users, including those with a BCA so, as such, DNOs/IDNOs are included.

Regarding the suggestion of whether the term 'User' is inappropriate in the legal text for the solution, ESO's legal team have confirmed that this is the correct term to use in this context.

Draft Final Modification Report Panel send back and second Code Administrator Consultation

On the 23 February 2024, the CUSC Panel meet to address CMP427 Draft Final Modification Report and decided to send the modification back to the Workgroup to address points of concern regarding the legal text and requested a timeline extension from the Authority (Annex 3):

Points raised by Panel

There was feedback from Panel that Offshore Connections (Interconnectors) and Embedded Generation may be encompassed within the legal text without further clarity being added to match the intention of the solution.

The Proposer's rationale behind the legal text was as follows:

- CUSC is structured so that certain sections apply to all Users (e.g., section 6) and others only apply to specific Users (e.g., section 2) and reference to "User" in each section has to be positively construed on that basis. CUSC Section 1, Paragraph 1.2.4, sets out the applicability of each CUSC section to the relevant "User".
- In accordance with that table:
 - **Section 2 applies to directly connected parties only and does not include embedded parties.**
 - **Interconnectors are provided for in Section 9 and so are also not relevant for Section 2.**
 - Section 2 does though **include all directly connected generation** and directly connected demand Users.

So, whilst the intent of the Proposal made clear that Offshore generation was not included, the legal text did not.

- Therefore, in regard to Offshore sites, the Proposer agrees with industry that further clarity can be given via the legal text. Some small amendments have been made to make it explicit that Offshore is not captured by the LoA requirement.
- Amendments were also done to the language in 2.13.2 to refer to **the Applicant** and opposed to the User. In order to apply, applicants will have to ascend to the CUSC, but the Proposer hopes this change gives clarity that this is for the application stage.
- An additional referencing update has been made to 2.13.4 to make sure what was 2.13.9 is referred to its new number of 2.13.10.

Points raised by the Authority

The Authority suggested some minor typographical changes which Panel approved for incorporation into the text, and also changes to add further clarity to the legal text.

Minor typographical changes:

- All Solutions – 2.13.2 - "which will be updated from time to time."
Suggested Ofgem change: "which **may be** updated from time to time".
- WACM2 and WACM 3 – 2.13.2 - "The threshold shall be 50% of the values set out in the table(s)".
Suggested Ofgem change: "the threshold **for a Letter of Authority** shall be 50% of the values(s) set out in the table".

Additional Authority suggestions:

- All solutions – 2.13.1 and 2.13.2 - reference to a ‘valid’ Letter of Authority removed as the clause already states that the LOA must be submitted in the templated form as to what is expected by the ESO, so to state ‘valid’ is unnecessary.
- All solutions - 2.13.1 & 2.13.2. “shall ensure that a Letter of Authority the form of one of the templates”.
Suggested Ofgem change: “shall ensure that a Letter of Authority **in** the form of [...]”
- All solutions – 2.13.2 – clarity added that LoA(s) should cover:
 - The **minimum** area of land pertaining to the proposed New Connection Site by reference to the **minimum** values specified in the energy density table(s) in the supporting guidance documentation.
 - The location of the guidance documentation (ESO website) and reference to engagement with industry prior to changes to that guidance.

The Workgroup reviewed the proposed changes to legal text and clarification in this document that the solution(s) apply to DNOs and IDNOs. The Workgroup agreed to the legal text changes progressing to a second Code Administrator Consultation focussing on the recent legal text updates.

As part of this review it was agreed that:

- For all relevant Users (see CUSC Section 1, Paragraph 1.2.4), the solution(s) are applicable to applications for New Connection Sites only and not project progressions or modified applications which will be subject to discussion as part of subsequent modifications (raised as part of the Connection Reform modification package).
- The solution(s) are applicable to DNOs and IDNOs in respect to new connections (as per point above) and are **not** applicable to project progressions or modified applications (as is the case for other Users).
- The accompanying guidance note should be clear on when DNOs and IDNOs are required to have LOA(s) in place and where the LOA pertains to for these parties (i.e., that it covers LOAs relating to a new connection site and not amendments to a Grid Supply Point, and whether the LOA is applicable for situations where customers come to an IDNO directly for a connection or where DNOs make applications to connect).

The Workgroup requested further information and timelines on subsequent modifications developing the LOA process as soon as possible. The ESO agreed this would be forthcoming if CMP427 is approved.

The Proposer also made the Workgroup aware that due to clause numbers having changed in Section 2 from this modification, relevant clauses would be updated in Section 6 (6.10.4.3 on page 21), 11 (page 53) and Exhibit B (page 5, 6 and 7).

How to respond**Second Code Administrator Consultation questions**

- Please provide your assessment for the proposed solution(s) against the Applicable Objectives?
- Do you have a preferred proposed solution?
- Do you support the proposed implementation approach?
- Do you have any other comments?

Views are invited on the proposals outlined in this consultation, which should be received by **12 noon on 04 March 2024**. Please send your response to cusc.team@nationalgrideso.com using the response pro-forma which can be found on the [modification page](#).

If you wish to submit a confidential response, mark the relevant box on your consultation proforma. Confidential responses will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

When will this change take place?**Implementation date**

10 business days after Authority decision. This modification should be implemented as soon as possible to help increase efficiency in the connection application process. In the CAP, published jointly by DESNZ and Ofgem, it has been requested that the ESO submit a Final Modification Report by March 2024.

Date decision required by

15 March 2024

Implementation approach

The ESO will require the requisite Letter of Authority template to be completed by all new onshore transmission connection applications and advise all new applicants of this within one business day after an Authority decision to approved CMP427.

Interactions

- | | | | |
|---|--|--|--------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European Network Codes | <input type="checkbox"/> EBR Article 18 T&Cs ¹⁸ | <input type="checkbox"/> Other modifications | <input type="checkbox"/> Other |

No interactions with other Codes are expected.

After discussion with the Workgroup and ESO legal it was deemed that a STCP change was not required as a result of CMP427 and there is no formal interaction with Queue Management milestone compliance.

¹⁸ If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the Electricity Balancing Regulation (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BCA	Bilateral Connection Agreement
BEGA	Bilateral Embedded Generation Agreement
BELLA	Bilateral Exemptible Large Licence Exempt Generator Agreement
BSC	Balancing and Settlement Code
BSUoS	Balancing Services Use of System
CAP	The joint DESNZ and Authority 'Connections Action Plan' published in November 2023.
Clock Start	The date on which your application and SRC data submission is deemed technically competent, and your fee is paid (the latter of the two dates). Clock start signifies the start of the 3 month offer period as defined in the CUSC.
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
DESNZ	Department for Energy Security and Net Zero
DNO	Distribution Network Operator
EBR	Electricity Balancing Regulation
ESO	Electricity System Operator
GIS	Geographic Information System
IDNO	Independent Distribution Network Operator
LoA	Letter of Authority
NETS	National Electricity Transmission System
MW	Megawatt
MWh	Megawatt hour
QM	Queue Management
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions
TEC	Transmission Energy Capacity
TMA's	Target Model Add-Ons
TNUoS	Transmission Network Use of System
TO	Transmission Owner

Annexes

Annex	Information
Annex 1	CMP427 Proposal form
Annex 2	Terms of reference
Annex 3	CMP427 Urgency letters
Annex 4	Legal text (including LoA templates)
Annex 5	Workgroup consultation responses & summary
Annex 6	Alternative & Workgroup vote
Annex 7	Alternative Request 1 (WACM1)
Annex 8	Alternative Request 2 (WACM2)
Annex 9	Alternative Request 3 (WACM3)
Annex 10	Workgroup action log
Annex 11	CMP427 Workgroup membership
Annex 12	Code Administrator Consultation responses & summary

