CMP434 Implementing Connections Reform
CM095 Implementing Connections Reform

Workgroup Meeting 4, 22 May 2024

Online Meeting via Teams

WELCOME

Agenda

Topics to be discussed	Lead
Timeline and Topics	Chair
Actions and Query Log	Chair
Scene Setting – WG4	Proposer
Gate 1 Process – Understanding and Terminology	Proposer
Primary Process Project Types and Gate 1-to-2 Acceptable Changes	Proposer
Connections Network Design Methodology	ESO SMEs
Gate 1 Licence changes	ESO SMEs
Next Steps	Chair
Any Other Business	Chair

Timeline and Topics

Claire Goult – ESO Code Administrator

Timeline for CMP434 and CM095 as at 02 May 2024

Milestone	Date	Milestone	Date
Workgroup Nominations (4 Business Days)	~~26 April 2024 to 02 May 2024~~	Code Administrator Consultation (9 Business Days)	19 August 2024 to 02 September 2024
Ofgem grant Urgency	~~01 May 2024(5pm)~~	Draft Final Modification Report (DFMR) issued to Panel (3 Business Days)	09 September 2024
Assuming Ofgem have granted Urgency Workgroup meetings 1 - 10	~~07 May 2024~~ ~~14 May 2024~~ ~~16 May 2024~~ 22 May 2024 28 May 2024 05 June 2024 11 June 2024 13 June 2024 18 June 2024 20 June 2024	Panel undertake DFMR recommendation vote (Special Panel)	13 September 2024 (by 2pm)
Workgroup Consultation (8 Business Days)	25 June 2024 – 05 July 2024	Final Modification Report issued to Panel to check votes recorded correctly	13 September 2024 (by 4pm)
Workgroup meeting 11 - 15	16 July 2024 18 July 2024 24 July 2024 30 July 2024 06 August 2024	Final Modification Report issued to Ofgem	13 September 2024 (by 5pm)
Workgroup report issued to Panel (2 Business Days)	13 August 2024	Ofgem decision	06 November 2024
Special Panel sign off that Workgroup Report has met its Terms of Reference	16 August 2024	Implementation Date	01 January 2025

Outline of Workgroup(s) Meeting Topics

WG meeting 1	~~• Set the scene, ToR, timeline, ways of working, context -why connections reform, what are the issues and solutions, what is and isn't scope, cross code impacts, who is impacted and how?~~
WG meeting 2	~~• Clarifying which projects go through the primary process.~~ ~~• Clarifying any deviations from primary process e.g. for certain technologies.~~
WG meeting 3 and WG meeting 4	• Gate 1 criteria (including financial element requirement) and process • Gate 1 Licence changes • Introducing the concept of a Connections Network Design Methodology (the content and any approvals of this to be covered outside the Code Modification process) and DFTC
WG meeting 5 and WG meeting 6	• Gate 2 Criteria (including financial element requirement) , Letter of Authority changes (allowable amendments to red line boundaries and introduction of duplication checks), including impacts to Queue Management (Milestones and impact to all contracts) and NESO designation (criteria and process)
WG meeting 7 and WG meeting 8	• Gate 2 process (including how DNOs notify the ESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2 criteria) • Gate 2 licence changes
WG meeting 9 and WG meeting 10	• Gate 1 and Gate 2 disputes process, • Gate 1 offer/contract content, • Gate 2 offer/contract content • Implementation approach • Identify which STCPs will change (STC only) • Identify which sections of legal text will change (Separate CUSC and STC) • Finalise WG Consultation (Separate CUSC and STC)
WG meeting 11	• Assess WG Consultation responses, discuss new points • Discuss potential alternatives and agree who develops these
WG meeting 12 and WG meeting 13	• Finalise WG Alternatives (CUSC 1st then reflect in STC) • Legal Text (Separate CUSC and STC)
WG meeting 14	• Finalise Legal Text (Separate CUSC and STC) • WG Alternative Vote (Separate CUSC and STC) • This is where we are re: Alternatives (Separate CUSC and STC)
WG meeting 15	• Workgroup Report (Separate CUSC and STC) • Workgroup Vote (Separate CUSC and STC)

Actions and Query Log

Claire Goult – ESO Code Administrator

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	WG1	PM	To share further data is shared in relation to the transmission queue		WG2	Open
2	WG1	JH/PM	To clarify if it is the modification is intending to cover a demand application at the distribution level which causes a transmission reinforcement.		WG2	Open
3	WG1	JH	Tighten up the language RE: User Commitment Methodology/ Final Sums		WG2	Open
4	WG1	JH	Changing the wording from ‘change the Network Charging arrangements’ to ‘Network use of system Charging arrangements’ are out of scope		WG2	Open
5	WG1	JH/RW	Collaborate and finalise the Terms of Reference whilst cross checking against CM095.		WG2	Open
6	WG2	JH	Clarification slide on what is BAU regarding the GSP process		WG4	New
7	WG2	JH	Explain the interaction of CMP434 with GC0117, consider the potential impact if GC0117 approved such as a need for an additional code modification	Workgroup consultation 25/6/24	WG3	New
8	WG2	AP	Consider the definition of Relevant Embedded Small/Medium Power Station and whether the codified definition needs to be changed or if the ESO is to provide guidance to DNO’s outside of the energy codes on what is considered as relevant to the transmission network		WG3	New
9	WG2	AP	Slide on Large Embedded for clarification		WG4	New
10	WG2	DD	Tabulate Minor and Major Changes at Gate 1 and 2 for a clearer distinction		WG4	New
11	WG2	JH/DD	Response to the paper provided by Simon Lord		WG4	New
12	WG2	JH/PM	ESO to speak to the policy team and consider how the ‘Allowable Changes’ policy being drafted would interact with CMP434, would all of the policy need to be codified or does the concept of the policy need to be codified?		WG4	New
13	WG2	ALL	Workgroup to propose what they think could change in their application between Gate 1 and Gate 2		TBC	New

WG4 Scene Setting

Joseph Henry – ESO Code Administrator

Meeting Objectives

What is the focus of the meeting?

- Clarification on Gate 1 and Gate 2 process and terminology
- Who has to go through Primary Process?
- Allowable Changes
- Connections Network Design Methodology
- Licence Changes

What is the ask of the workgroup?

- Provide views and feedback on presentations
- Come to common understanding on process and terminology

What is the desired output of the meeting?

- Understanding of topics listed under meeting focus

What should not be discussed?

- Material resolved and covered in WG3

Gate 1 Process – Understanding and Terminology

Joseph Henry– ESO

Common Terms

To support a common WG understanding and not proposed to be CUSC s11 definitions

Gate 1 Application Criteria:

The application criteria requirements to enter into the Gate 1 Process i.e. application fee, application form (including Data Registration Code (DRC) data) and LoA (as per CMP427, with an offshore equivalent introduced for offshore projects as part of CMP434). The Gate 1 Application Criteria apply both to directly connected generation and demand projects, large Embedded Generator (EG) projects, and small/medium EG projects requesting a BEGA (noting that the DFTC process is also relevant for small/medium EG projects).

In respect of the DFTC submission, the Gate 1 Application Criteria do not apply as it is a forecast to aid Anticipatory Investment planning. As part of this there will be a data exchange process in place in parallel timescales.

Gate 1 Process:

The process leading from the application stage to the contracting stage in respect of Gate 1.

For projects which have submitted effective applications into the Gate 1 Process (as above), the process leading to Gate 1 Offers being provided to such applicants. This applies to directly connected generation and demand projects and large EG projects.

In respect of DFTC, the Gate 1 Application Process applies in relation to the data exchange process.

Gate 1 Offer:

A connection contract offered with an indicative connection point and an indicative connection date (including in relation to DFTC) and as a result of there being no transmission reinforcement works contracted there would be no UC liability/security or QM Milestones.

Gate 1 Offer Acceptance:

The point at which a Gate 1 Offer is accepted.

In respect of DFTC, this relates to the point at which the contract between the ESO and DNO is updated in relation to DFTC submission.

Common Terms

To support a common WG understanding and not proposed to be CUSC s11 definitions

Gate 2 Application Criteria:

The application criteria requirements to enter into the Gate 2 Process i.e. application fee, application form (including DRC data) and Gate 2 Criteria Evidence (to be discussed in a future Work Group). This applies to directly connected generation and demand projects, large EG projects, and small/medium EG projects requesting a BEGA and (via the DNO) relevant small and medium EG projects.

Gate 2 Process:

The process leading from the application stage to the contracting stage in respect of Gate 2.

For projects which have submitted effective applications into the Gate 2 Process (as above), the process leading to Gate 2 Offers being provided to such applicants. This applies to directly connected generation and demand projects, large embedded generation projects and small/medium EG projects requesting a BEGA and (via the DNO) relevant small and medium EG projects.

Note that directly connected generation and demand projects and large EG projects can provide Gate 2 Criteria Evidence alongside the Gate 1 Criteria Evidence (if they choose to do so), and be provided with a Gate 2 Offer instead of a Gate 1 Offer.

Gate 2 Offer:

A full connection contract offered i.e. confirmed connection point, confirmed connection date, transmission reinforcement works, relevant UC liability/security, relevant QM Milestones, etc.

Gate 2 Offer Acceptance:

The point at which a Gate 2 Offer is accepted.

Note: Projects must have gone through the Gate 1 Process before they go through the Gate 2 Process.

Additional Information

Gate 1 Purpose:

To provide the opportunity for the ESO and TOs to undertake a co-ordinated network design exercise each year in relation to new applicants and strategic network requirements (with a connections focus), including in relation to the potential identification of anticipatory investment related to connections.

Th consequential benefit to any anticipatory investment being identified would (subject to regulatory arrangements and progression) be earlier connection dates than would otherwise be the case for some applicants i.e. assuming what could become Enabling Works at Gate 2 may have already have commenced prior to that project having been through the Gate 2 Process.

Gate 2 Purpose:

To provide a queue position (and so confirmed connection point and connection date) to projects.

With a batched process there may also be an opportunity for some consequential network design co-ordination.

Why do projects need to go through Gate 1 prior to Gate 2?

To facilitate the Gate 1 purpose and allow anticipatory investment to be identified. If projects could elect to only go through the Gate 2 process it would reduce the potential benefit of the Gate 1 Process.

So, is it an issue if a large percentage of projects choose (e.g. to avoid potential Gate 1 financial instruments) to go through the annual process having met Gate 2, rather than the Gate 1 Process followed by the Gate 2 Process?

Not necessarily, as an annual co-ordinated network design process could still be undertaken; it would also have greater data certainty due to the higher proportion of projects applying which had met the Gate 2 Criteria. There could be drawbacks to developers of this approach if opportunities for anticipatory investment were missed and it could mean a Gate 2 Offer being received slightly later than a developer may have otherwise received if they has previously been through Gate 1.

Primary Process Project Types and Gate 1-to-2 Acceptable Changes

Joseph Henry and Dovydas Dyson – ESO

Primary Process Project Types

Project Type	Included in Primary Process under CMP434 Yes/No
New Directly Connected Generation	Yes
New Directly Connected Demand	Yes
New Interconnectors (and Offshore Hybrid Assets)	Yes
New Relevant Embedded Small and Medium Power Stations (via the DNO or IDNO)	Yes
New Relevant Embedded Small and Medium Power Stations who want a BEGA	Yes
New Embedded Large Power Stations (e.g. BEGA and BELLA)	Yes
New Embedded Demand	No
New Grid Supply Point for I/DNO	No

Significant (S) and Minor (M) Changes

Type	Item	Change to Signed Gate 1 Contract	Gate 1 Contract Changes as part of Gate 2 Application	Change to Signed Gate 2 Contract	Change to Connection Contract Post-Connection
S	TEC Increase	Via Mod App	Not Allowed	Must be new Gate 1 Application for additional TEC	Must be new Gate 1 Application for additional TEC
S	TEC Reduction	Via Mod App (Subject to Capacity Holding Payment - TBC)	Via Gate 2 Application (Subject to Capacity Holding Payment – TBC)	Via Mod App (Subject to User Commitment)	Allowed (As per TEC Reduction process)
S	Technology Change	Via Mod App	Not Allowed	Not Allowed	TBC
S	Project Location Change	Via Mod App	Not Allowed	Not Allowed	Not Allowed
S	Requested Connection Date Change	Via Mod App	Not Allowed	Via Mod App and only via allowed exemptions under QM	N/A
S	CEC Change	Via Mod App	Not Allowed	Via Mod App	Via Mod App
M	Novations	Allowed	Not Allowed	Allowed	Allowed
M	Charging Notices	N/A	Not Allowed	Allowed	Allowed
M	Commissioning Notices	N/A	Not Allowed	Allowed	N/A
M	De-Commissioning Notices	N/A	Not Allowed	N/A	Allowed

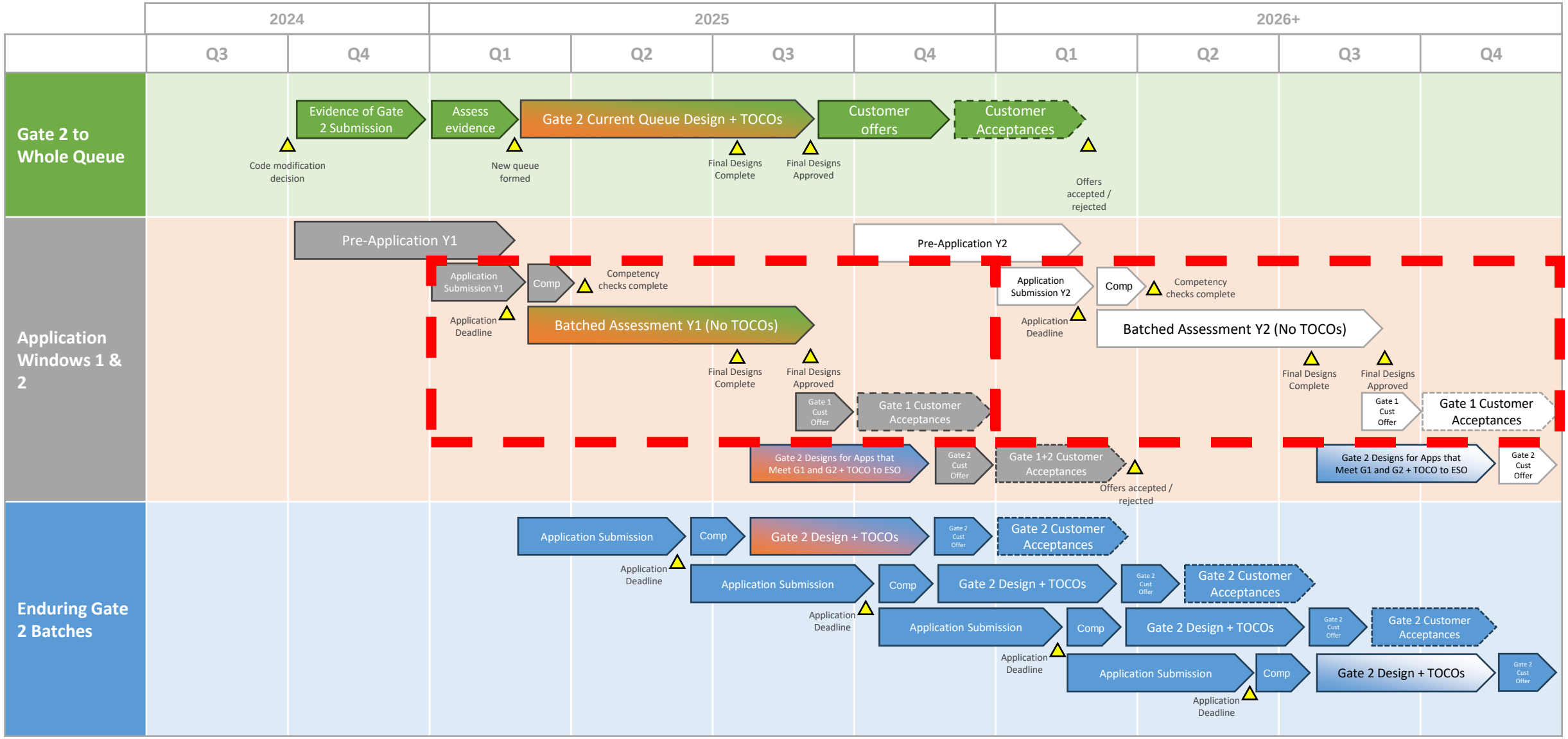
<u>Additional Comments (Significant)</u>

- Note: Changes via a Mod App are only permitted at the next relevant application window i.e. waiting for the next Gate 1 application window if changing a Gate 1 contract and waiting for the next Gate 2 application window if changing a Gate 2 contract.
- Note: Small and Medium EG that want a BEGA must follow the primary process (as do Large EG) and apply for their Gate 1 and Gate 2 offers that match their application to the DNO. The above does not include the DFTC process, or how offshore deviations will be applicable.

<u>Additional Comments (Minor)</u>

- Note: Other contract interactions that do not require any system studies and are more administrative in nature can take place outside of the primary process e.g. supplier use of system agreements (which can carry on under the current arrangements).

Gate 1 Process & Timeline



Gate 1 (Simplified) Process & Timeline M1-12 Activities

M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
G1 Application Window Open		G1 Application Window Closed									
Competency, App Fee Payment / Relevant Checks			CPA Creation	Batched Assessment, Network Design Exercise (NDE)			Checks and Approvals of NDE	To to ESO Documents, G1 Offer from ESO to Developers	Developer Acceptance Period		

Application Stage (M1-M3)

- Should the duration of the window (i.e. M1 and M2) be shortened to allow more time for competency checks?
- Should the window (M1 and M2) be extended into the previous 12-month application window period (from application window 2)? I.e. applications can come in from e.g. M11, but potentially not use the latest connections data – to allow more time for developers to submit applications?

Batched Assessment (M5-M7)

- Note the CPA creation and network design aspects of the process are to be covered within the connections network design methodology and not here.

Documents and Developer Acceptance Period (M9-M12)

- As above, there will still need to be a cycle of documentation from TO's to ESO (albeit there are not proposed to be TOCOs in relation to Gate 1 projects, however there might still be a need in relation to any anticipatory investments) and ESO to developers. Is one month realistic to get documentation from TO's to ESO and from ESO Gate 1 offers to Developers, and in turn do Developers need 3 months to accept, especially in relation to Application Stage second bullet point.

Introducing the concept of Connections Network Design Methodology

Rachael Eynon – ESO Code Administrator

Connections Network Design Methodology (CNDM)

Out of scope for CMP434

- Content of CNDM
- Approval of CNDM development process
- Approval of CDNM content

What is the CNDM?

- The CNDM is the proposed high-level process by which the ESO and the Transmission Owners (TOs) will technically assess connection applications and determine:
  - a) the indicative connection date and indicative connection point included in a Gate 1 offer (as per current CMP434 proposal)
  - b) any requirements for connections-related anticipatory investment as a result of the Gate 1 process
  - c) the firm connection date and connection point included in a Gate 2 offer (as per current CMP434 proposal)
- It will define the roles and responsibilities of the ESO and the TOs in conducting these activities, including any areas where these may differ across the TOs with justification as to why this is the case

Why do ESO believe a CNDM is needed?

- To establish a common framework between the ESO and TOs for assessing connection applications and determining necessary anticipatory investment, including links to other strategic network planning activities
- To provide transparency to industry as to how connection applications are assessed and how anticipatory investment is identified, at a high-level, in relation to both Gate 1 and Gate 2

What are the ESO proposing is codified?

- The requirement for the ESO and TOs to have a CNDM
- An obligation on the ESO to publish the CNDM
- An obligation to engage with industry on the content of the CDNM

Do you agree with the ESO proposal of what should be codified in relation to the CNDM?

Gate 1 Licence changes

Rachael Eynon – ESO Code Administrator

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- Approval of CNDM development process
- Approval of CDNM content

Do you agree with the ESO proposal of what should be codified in relation to the CNDM?

Licence Changes related to Gate 1

Scope of ESO work	What are the main changes we expect to NESO and TO licences relating to Gate 1?	Potential new licence conditions relating to Gate 1
• We are considering potential changes required to the NESO licence and have advised Ofgem of our initial views • We have highlighted where there could be related impacts on the TO licences • Ofgem will determine and consult on changes required to NESO/TO/DNO licences	• Licenced offer timescales for those in scope for primary process (i.e. progressing within annual application window rather than 3 months)	• An obligation to have a Connections Network Design Methodology

Do you have any views on required licence changes that you would like to share with ESO/Ofgem ahead of Ofgem's consultation?

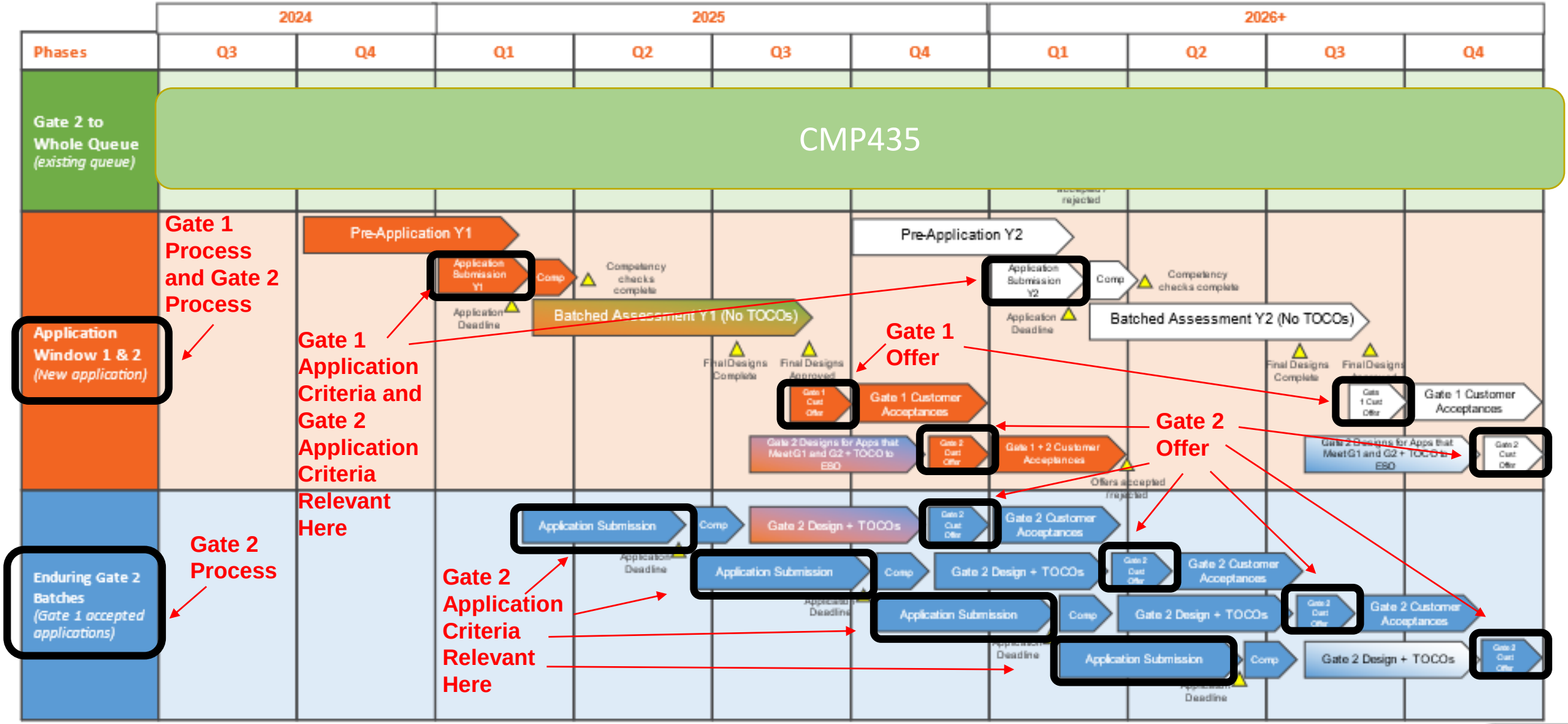
Next Steps

Claire Goult – ESO Code Administrator

Appendix

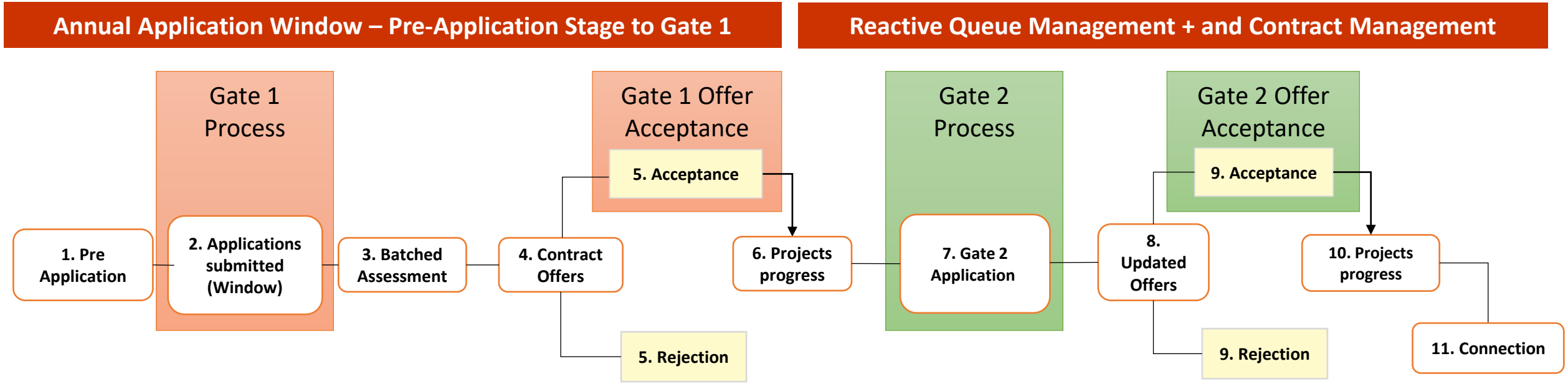
Proposed Implementation of TMO4+

Note: Process and Process Timescales Subject to WG/Change



ESO

Appendix 1- TMO4+ Process Steps



Any Other Business

Claire Goult – ESO Code Administrator

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