CMP434 Implementing Connections Reform
CM095 Implementing Connections Reform

Workgroup Meeting 6, 5 June 2024

Online Meeting via Teams


WELCOME

Agenda

Topics to be discussed	Lead
Timeline and Topics	Chair
Scene Setting – WG6	Proposer
Actions	Chair
Query Log	Chair
Gate 1 Capacity Holding Security	ESO SMEs
NESO Designation	ESO SMEs
Scope follow up conversation	ESO SMEs
Offshore - General	ESO SMEs
Gate 2 Queries Playback	ESO SMEs
Any Other Business	Chair
Next Steps	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 land planning 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	Workgroup	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	Closed
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	Covered in WG4	WG2	Closed
5	WG1	JH/RW	Collaborate and finalise the Terms of Reference whilst cross checking against CM095.		WG2	Closed
6	WG2	JH	Clarification slide on what is BAU regarding the GSP process	Covered WG4	WG4	Closed
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	Open
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	Open
9	WG2	AP	Slide on Large Embedded for clarification		WG4	Open
10	WG2	DD	Tabulate Minor and Major Changes at Gate 1 and 2 for a clearer distinction	Covered WG4	WG4	Open
11	WG2	JH/DD	Response to the paper provided by Simon Lord	Ongoing	WG4	Open
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	Open
13	WG2	ALL	Workgroup to propose what they think could change in their application between Gate 1 and Gate 2		TBC	Open
14	WG4	JH	Clarification of new GSPs for iDNOs		TBC	Open
15	WG4	JH	Consider alignment of crown estate invitation to tender and auction timing		TBC	Open
16	WG5	RW/GL	Look into where STC changes for CNDM should be located within main body of STC and STCPs		TBC	New
17	WG5	FP	Are the duplication checks at Gate 2 against projects who are within the gate 2 applicants pool of that period, gate 2 applicants that are yet to accept their offer, or/and applicants who have accepted their Gate 2 offer		TBC	New

WG6 Scene Setting

Joseph Henry – ESO Proposer

Meeting Objectives

What is the focus of the meeting?

- Understanding of Gate 1 Holding Charge
- Clarification on Scope
- Understanding of NESO Designation
- Mop up of outstanding Gate 2 queries
- Overview of Offshore

What is the ask of the workgroup?

- Input on outlined agenda items

What is the desired output of the meeting?

- Shared understanding of proposed solution re: Gate 1 and Gate 2 Criteria
- Resolution of queries around Gate 2

What should not be discussed?

- Items previously discussed unless expressly listed in the Agenda

Gate 1 Capacity Holding Security

Rachael Eynon - ESO

What behaviour do we want the Gate 1 Capacity Holding Security to incentivise?

Primary	Secondary
• Timely progression between Gate 1 and Gate 2	• Discourage (multiple) speculative applications • Encouraging applications from developers with confidence that project is viable

Potential consequences

- We recognise that this security may incentivise developers to withhold an application until they are ready to apply for both Gates 1 and 2 simultaneously, or at least minimise the duration spent between these Gates as much as possible.
- However, if significant reinforcement is required, this may result in a later connection date than if they had applied to Gate 1 at an earlier stage of project development and some of that reinforcement was initiated sooner. Not all investment identified would necessarily be progressed, however we presume there will be some 'no regrets' cases where several projects would require a specific reinforcement to proceed before connection, and that number of projects is greater than the assumed attrition rate at Gate 1.
- We also anticipate that for larger, longer term projects e.g. nuclear, interconnectors etc, the benefit of this anticipatory investment being identified and considered sooner may outweigh the downside of being subject to a financial commitment earlier in the project development cycle.

Gate 1 Capacity Holding Security: which works would this secure?

By introducing a capacity holding security, we aim to secure works that would, under the current connections process, be attributable and/or allocated in Final Sums, but under TMO4+ proposals become unsecured due to the removal of the UC/FS liability and security from Gate 1 projects.

We are not proposing that all current and future non-attributable works are secured by Gate 1 projects. We are proposing a possible solution to transfer some abortive cost risk to projects at Gate 1, as anticipatory work may be undertaken based on these projects and as such they should be liable for some portion of this cost risk.

Securable work is currently either attributable or not attributable to specific projects:	
Attributable works	Secured via UC in relation to attributable works
“Non-attributable” works	Secured via UC in relation to the wider cancellation charge
Works related to the demand project triggering the works	Covered by Final Sums

TMO4+ proposals will change how some currently secured works flow into the arrangements. The works that would change are:

- Any anticipatory investment works that are newly identified via the Gate 1 batched assessment process; and
- Any works that are currently attributable and secured by existing projects where none of those projects with it as attributable works have yet met Gate 2 (or are allocated within Final Sums), as liability will be removed (and security would lapse) for these projects.

Without introducing a new security, these works would either:

- Be entirely unsecured with the abortive risk being passed fully onto consumers (until the associated works become Attributable and/or are included in Final Sums, as projects meet Gate 2); or
- Be (for UC) deemed as 'non-attributable works' and therefore become secured via the wider cancellation charge, therefore passing the liability and security increase and the abortive cost risk to projects that have met Gate 2 and are beyond the Trigger Date, as well as to consumers.

Updated Position: **Gate 1 Capacity Holding Security**

Based on workgroup feedback and further thinking we have updated our position on the Gate 1 Capacity Holding Payment.
We are now proposing a Gate 1 Capacity Holding **Security** as below.

Which projects would this security apply to?	All directly connected projects applying for transmission or demand* capacity as well as relevant small and medium embedded generation projects with a contract with a I/DNO which have not met Gate 2. **It would also apply to interconnectors and Offshore Hybrid Assets**. For the avoidance of doubt, it would not apply to DFTC submission from the I/DNOs. These are a forecast at Gate 1 and not attributable to specific projects.
How would it be secured?	Via cash in the (N)ESO escrow account, to be returned if and when the developer has a valid Gate 2 application.
How much would the £/MW security be? **How would the security be calculated and billed?**	This would **need to be reflective of reasonable costs incurred by TOs associated with network design and build** that are not otherwise securitised through user commitment post Gate 2. A clear methodology and clear evidence would need to be provided to calculate this security i.e. to calculate the appropriate share of any anticipatory investment on the Transmission System triggered by those at Gate 1 and not being secured under User Commitment arrangements. Liability would accrue monthly for each month between Gate 1 and Gate 2, but security would be requested in advance through an annual cycle to minimise administrative burden. The annual cycle would also include a reconciliation process in the event of project termination within year to rebate any additional months.
Would there be a maximum period i.e. with a longstop date for termination?	We do not think there should be a maximum period and that the liability/security should apply either until the project reaches Gate 2, or the project is terminated by the developer or (N)ESO (e.g. for Event of Default).
Would there be any differences in the value depending on location, technology type, developer size, etc?	We do not initially think the capacity holding security value should differ based on location or technology type or developer size and that it should be a flat value per MW.
What would happen if a developer did not comply?	A developer not providing the required security would trigger the Event of Default process which could result in termination.
What would happen to any claimed securities?	They would be returned to consumers (via network charges) by (N)ESO.

**As introducing 'Transmission Import Capacity' as a broader concept was not part of our MVP we would introduce in a limited sense solely to correctly apply the Capacity Holding Security.*

Updated Position: **Gate 1 Capacity Holding Security**

How would this charge apply to small and medium* embedded projects with a contract with a I/DNO which has not met Gate 2?	As we are proposing a security, it would need to be administered by the ESO because it would be an ESO calculated value in relation to transmission system. I/DNOs could use their preferred securitisation method (rather than requiring cash into the ESO escrow). Small and medium EG projects with BEGAs would provide their security through the I/DNO and not the ESO to avoid double counting. The security would start from when the developer signed their I/DNO connection offer and last until the Gate 2 application is validated by the I/DNO. It is recognised that the options for providing security are defined in the I/DNO connection agreements with the small and medium embedded projects. Further work is required with the I/DNOs to understand whether this can be applied retrospectively. We would see the process working as follows: 1. I/DNOs provide a list of relevant EG to ESO who have a I/DNO contract but have not yet met Gate 2. 2. The ESO requests liability/security from I/DNOs according to I/DNO data provision on an annual basis. 3. I/DNOs would in turn request corresponding liability/security from each developer for appropriate Gate 1 Capacity Holding Security values.

**Note: large embedded projects would only pay one Gate 1 Capacity Holding Security to ESO, and would not be subject to both processes.*

NESO Designation

James Norman/Ruth Matthew - ESO

NESO Designation

What is NESO Designation:

NESO Designation would prioritise connections for viable projects that:

i. Are critical to Security of Supply
ii. Are critical to system operation
iii. Materially reduce system/network constraints

- It is proposed that Network Services Procurement (previously referred to as Pathfinders), Competitively Appointed Transmission Owner (CATO) and co-ordinated offshore network design arrangements will be dealt with in a separate ‘bay / capacity reservation’ policy rather than being incorporated under NESO designation (as previously proposed). This is because it is not possible to identify the specific nature / location / developer of projects resulting from Network Services Procurement or CATO (or, to an extent, in relation to co-ordinated offshore network design) until after the competition/leasing round has concluded. So in order to ensure efficient outcomes for the competition and for consumers, relevant bay(s) / capacity need to be reserved for competition / leasing round winners before the outcome of the competition / auction is known.

NESO Designation

Relationship between NESO Designation and Gate 1, Gate 2 and Post Gate 2

Gate	Criteria	Process	Exemptions	Priority
Gate 1	✓	✓	✓	
Gate 2	✓	✓		✓
Post Gate 2				✓

Gate 1:

- Still required to meet Gate 1 Criteria and process
- Possibility of exemptions which would be determined on case by case basis for each NESO designation. This would be where a project can meet both Gate 1 and Gate 2 criteria at the same time and providing a Gate 2 offer is time critical e.g. need to urgently accelerate connection dates for projects critical to security of supply.

Gate 2:

- Still required to meet Gate 2 readiness criteria and process
- NESO Designated projects would be prioritised within a Gate 2 batch i.e. would have priority access to available capacity, earlier connection dates compared to other projects in Gate 2 batch.

Post Gate 2:

- NESO designation projects would have first refusal on any capacity to be reallocated following terminations, i.e. NESO designated projects would have priority right to that capacity ahead of Gate 2 batch projects.

Ask – Information only

NESO Designation

Definitions and Process for NESO Designation

Definition of key terms (subject to final approval):

Security of Supply

Under Energy Act 2023 Section 163, the definition of Security of Supply is expanded to take into consideration the evolved role of NESO as follows “ensuring the Security of Supply to existing and future consumers, of:

(a) electricity conveyed by distribution systems or transmission systems, and

(b) gas conveyed through pipes.”

The ESO currently views Security of Supply in terms of adequacy, the ability to meet supply and has not historically defined it in terms of price or whether it is low carbon.

Critical to System Operation:

System Operation is underpinned by the ESO / NESO’s licence conditions and includes for example, C28 4(a) taking the most efficient actions to operate the national electricity transmission system based on all of the relevant information the licensee had available at the time; C28 4(b) taking into account the impact such actions have on competition in the wholesale electricity market and on economic, efficient and coordinated operation and development of the total system; C28 4(c) considering the impact any action would have on the total system; C28 4(h) procuring balancing services to ensure operational security.

Materially Reduce System / Network Constraints:

Constraint management is required where the electricity transmission system is unable to transmit power to the location where that power is needed, due to congestion at one or more parts of the transmission network. If the system is unable to flow electricity in the way required, NESO will take actions in the market to increase and decrease the amount of electricity at different locations on the network. Example situations include:

- Import - The energy demand cannot be met by localised generation and the flow on the circuits into that area is limited by the capacity of the circuits; or into that area is limited by the capacity of the circuits.
- Export - The generation in the area is not offset by the localised demand and the flow on the circuits out of the area is limited by the capacity of the circuits.

Ask – Do you agree with definitions?

NESO Designation

Definitions and Process for NESO Designation

Proposals for Identifying NESO Designated Projects (subject to final approval)

- NESO will publish criteria and a methodology for determining NESO designated projects against the three areas (i,ii and iii) and publish information to help projects take a view on whether they may be suitable for designation
- NESO would expect individual projects to approach the NESO if they wish to be considered for designation. However, NESO can also approach individual projects
- This can happen at any time of the year.
- NESO designation projects can be connected at transmission level or distribution level, however, current view is that the relevant criteria are more likely to be met by transmission connected projects
- The project can be at any stage of development, but in order to get maximum benefit we recommend that projects seek designation as early as possible.
- A project does not need a connection agreement in order to be designated.
- NESO will not set any hard timelines on how long the designation process will take, so we would suggest that parties seek designation as early as possible.
- It is proposed that NESO will publish its decision on projects that are NESO designated. However, to be established the level of detail e.g. publish project name and a high level explanation on why a project as been designated.
- It is proposed that NESO designation will apply to the first Gate 2 batch (ie applying Gate 2 to the whole queue) as well as to future Gate 1 / 2 for new applications.
- There will not be a dispute process as the decision for NESO designation will be at the discretion of NESO.

Ask – Do you agree with proposals for identifying NESO designated projects?

NESO Designation

NESO Designation in Codes / Methodology Documents

- It is proposed that NESO designation will follow a similar precedent to the Interactivity Policy (noting more process controls will likely be required than for the interactivity policy)
- Within CUSC Section 11, the Interactivity Policy is defined as the “the policy adopted by The Company for the purposes of managing Interactivity and published on its website as it may be amended from time to time”. If NESO adopts a similar approach, this would allow the NESO to publish a clear methodology which could be amended as the processes are defined and developed further during implementation
- It is, therefore, proposed that using the precedent set by the definition of Interactivity Policy that NESO Designation be defined within the CUSC along the following lines “projects designated by NESO as ‘critical to system operation or to security of supply, or that NESO designates as materially reducing system/network constraints”. The CUSC definition would then refer to NESO methodology/process as a separate document and it may set out the process by which it will be updated from time-to-time (this may be via NESO publishing and consulting on any changes in defined timescales and in defined ways which then have to be approved / not vetoed before updating and publishing on the website. This will be subject to Ofgem licence changes and legal code drafting processes.

Ask – Do you agree with suggested approach to codifying the definitions?

Connection Point and Capacity Reservation

Within STC we currently have the discretionary ability to reserve bays.

Within TMO4+ we plan to continue to use these rights in limited circumstances, separate to the Gate 2 criteria (including NESO Designation).

Due to existing limitations, we plan to expand this existing 'bay reservation' approach to become a broader 'connection point and capacity reservation' approach in TMO4+.

For the avoidance of doubt, the Gate 2 criteria (including NESO Designation) and associated obligations would continue apply to any project which is allocated a connection point (and potentially capacity) which had previously been reserved through this process, and anything unallocated would be released for reallocation at the appropriate time.

This approach is currently used for Network Services Pathfinders, but it could in future be used to facilitate network competition and further offshore co-ordination within TMO4+

Ask – Do you agree with suggested approach?

Scope follow up conversation

Mike Oxenham – ESO

Red text is what has changed since the previous circulated version.

Combined Table – CMP434/CMP435 Scope*

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

Terminology:

Connected: Where the project (in full or in part) is Energised.
Contracted: An accepted offer for a project, but where the project is not yet Connected.
New: A new application for a project, which is independent of any Contracted or Connected project(s).

Connectee Type	CMP434	CMP435

• Directly Connected Generation**
• Directly Connected Interconnectors and Offshore Hybrid Assets
• Directly Connected Demand
• Large Embedded Generators
  ○ Whether a BELLA or a BEGA (via the ESO)
  ○ Whether embedded within in a DNO or an IDNO network.
• Relevant Small and Medium Embedded Generators
  ○ Via DNOs/IDNOs and included in ESO/DNO (or ESO/IDNO) contracts (e.g. Appendix G***)
  ○ Includes such projects opting for a BEGA (via the ESO)
	New	Contracted
		and
		Connected (but only in relation to any project stages which are yet to be Energised)

'Significant' Modification Applications (in relation to the above)	Contracted and Connected	N/A

The above applies from Go-Live, noting that in respect of CMP435 Transitional Arrangements (and the impact on the above, if any) remains to be discussed.

** For the avoidance of doubt, the requirements in CMP434/435 apply to in-scope Generation, Interconnection / Offshore Hybrid Asset and/or Demand Users (excluding Embedded Demand, which are not in scope) and the requirements do not apply to the construction of new transmission assets. For example, if a Directly Connected Generation customer triggers a new transmission substation, then the CMP434/435 Gate 2 criteria requirements only apply to the land related to the generation site and not to the land related to the new transmission substation, or other transmission infrastructure.*
*** For the avoidance of doubt, this includes Storage and 0MW Connections, such as Sync Comps, etc.*
**** For the avoidance of doubt, CMP435 applies to Relevant Small and Medium Embedded Generators in Appendix G in the same way as for other connectees types in respect of 'Contracted' and 'Connected (but only in relation to any project stages which are yet to be Energised)'.*

Significant Changes

Our current intention is to codify the concept of a significant change to identify (with principles; not an exhaustive list) what is considered to require a significant Modification Application i.e. one which is in scope of the TMO4+ primary process. Significant Modification Applications would only be permitted at certain times e.g. if changing a Gate 1 contract, waiting for the next Gate 1 process, or if changing a Gate 2 contract, waiting for the next Gate 2 process. Therefore, the list below is provided as a guide to when in scope developers should expect to await/follow the primary process in TMO4+.

Where something is 'Potentially Significant' in some circumstances it will be in scope of the primary process (and in other cases it will not be in scope).
Where something is 'N/A' there is no need for and/or possibility of such a change at that stage of the process.
Where something is 'Not Significant', it may remain important but another aspect of TMO4+ (or an existing year-round secondary process) will manage these.
Where something is 'Potentially Significant', 'Not Significant' or 'N/A', further explanatory information may also be provided on the next slide.

Item	Change to Signed Gate 1 Contract (via a Gate 1 Process)	Gate 1 Contract Changes (as part of a Gate 2 Application)	Change to Signed Gate 2 Contract (via a Gate 2 Process, unless stated otherwise)	Change to Connected Capacity (via a Gate 2 Process, unless stated otherwise)
Transmission Entry Capacity Increase (or other capacity increase)	Significant	Not Allowed via Gate 2 Application	Significant (And the additional capacity must be Gate 1)	Significant (And the additional capacity must be Gate 1)
Transmission Entry Capacity Reduction (or other capacity reduction)	Not Significant (Subject to Capacity Holding Security)	Allowed via Gate 2 Application (Subject to Capacity Holding Security)	Not Significant (1)	Not Significant (1)
Connection Entry Capacity Increase	Significant	Not Allowed via Gate 2 Application	Significant (And the additional capacity must be Gate 1)	Significant (And the additional capacity must be Gate 1)
Connection Entry Capacity Reduction	Not Significant (Subject to Capacity Holding Security)	Allowed via Gate 2 Application (Subject to Capacity Holding Security)	Not Significant (1)	Not Significant (1)
Partial or Full Technology Type Change (e.g. Onshore Wind to Solar)	Potentially Significant (2)	Only Allowed via Gate 2 Application if Not Significant (2)	Potentially Significant (2)	N/A
Project Location Change	Potentially Significant (3)	Only Allowed via Gate 2 Application if Not Significant (3)	Not Significant (4) (5)	N/A
Requesting a Connection Date Earlier Than Originally Requested	N/A	Allowed via Gate 2 Application	N/A	N/A
Requesting a Connection Date Later Than Originally Requested	N/A	Allowed via Gate 2 Application	N/A	N/A
Contracted Connection Date Advancement Request	N/A	N/A	Not Significant (6)	N/A
Contracted Connection Date Delay Request	N/A	N/A	Not Significant (7)	N/A
Re-Planting	N/A	N/A	N/A	Potentially Significant (8)

Significant Changes - Additional Information

(1) Capacity reductions after Gate 2 are to be governed by existing User Commitment / Final Sums arrangements and capacity reduction policies and processes.

(2) Where there is (or is the potential of) a material impact on the transmission system and/or other users of the transmission system this would be considered a significant change.

(3) Reasonable changes to the project site location (relative to the preferred/requested connection point) due to normal project development are not significant. A fundamental change to the location of the project relative to the preferred/requested connection point would be significant.

(4) Changes to project location after Gate 2 are to be governed by the proposed Gate 2 arrangements e.g. red line boundary change restrictions, etc.

(5) In the event that the ESO provides a connection point in a materially different location to the originally preferred/requested connection point at Gate 2, we are considering proposing an [X] month period whereby a developer is able to keep their queue position and connection date with another project site location closer to the connection point, assuming that the developer can demonstrate that they meet the Gate 2 criteria at that new location within that [X] month time period. The other criteria related to Gate 2 would need to take account of this option being available if it becomes part of the TMO4+ proposals.

(6) Advancement requests to connection dates after Gate 2 are to be governed by the (out of scope) capacity reallocation process. However, note the potential for this process to potentially be aligned with the Gate 2 process.

(7) Delay requests to connection dates after Gate 2 are to be governed by the (proposed to be amended by TMO4+) Queue Management arrangements.

(8) Where there is (or is the potential of) a material impact on the transmission system and/or other users of the transmission system this would be considered a significant change.

Other Notable Points

- Small and Medium Embedded Generation that wants a BEGA with the ESO must follow the primary process to request/obtain a BEGA and their request must match what is contracted with the DNO/IDNO.
- Contract novations, contract terminations and contract notices are not significant changes. Other contract interactions that do not require any system studies and are more administrative in nature are not significant and can also take place outside of the primary process e.g. supplier use of system agreements, etc.
- Subject to contract and project structure it will be possible for different technologies and/or different stages to progress at different development timescales. The approach to significant changes will therefore need to consider any discreet contractual stages of a project, as well as the project as a whole.

Offshore

Mike Oxenham - ESO

Offshore Wind in TMO4+

For Discussion

Challenges and Potential Solutions

Challenge One

- TMO4+ proposes extending the CMP427 Letter of Authority (LoA) requirements to offshore wind in respect of entry into the Gate 1 process, on an equivalent basis to onshore projects. We need to ascertain what an equivalent would look like and in respect of what land requirements.

Potential Solution One

- We have been engaging with The Crown Estate and Crown Estate Scotland about what a potential offshore equivalent could look like in relation to the generation site.

Challenges and Potential Solutions

Challenge Two

- Land rights are in relation to seabed from Crown Estate Scotland and/or The Crown Estate.

Potential Solution Two

- Ensure Gate 2 criteria are reflective of the specifics of offshore wind in relation to land option agreements. (As far as we can tell this is minimal change.)

Challenges and Potential Solutions

Challenge Three

- Co-ordinated offshore network design may require interface points for planned offshore network to be locked into design prior to Gate 2 to maintain design integrity in some circumstances.

Potential Solution Three

- NESO to have option to utilise connection point and capacity reservation policy where essential to maintain design integrity in respect of future offshore system in respect of an offshore wind leasing round in future. For the avoidance of doubt, offshore wind developers would still need to meet Gate 2 criteria and comply with associated obligations in the same way as others.

Interconnectors and OHAs in TMO4+

For Discussion

Challenges and Potential Solutions

Challenge One

- TMO4+ proposes extending the CMP427 Letter of Authority (LoA) requirements to interconnectors and OHAs in respect of entry into the Gate 1 process, on an equivalent basis to onshore projects. We need to ascertain what an equivalent would look like and in respect of what land requirements.

Potential Solution One

- We have been engaging with The Crown Estate and Crown Estate Scotland about what a potential offshore equivalent could look like in relation to the cable.
- We have also been considering a potential onshore equivalent in respect of an LoA related to the onshore convertor station in the vicinity of the preferred/requested connection site.
- An alternative option (which we have not been considering) would be for there to be no LoA equivalent for Interconnectors and OHAs (offshore or onshore, as above) to enter into the Gate 1 process.

Challenges and Potential Solutions

Challenge Two

- TMO4+ proposes that a co-ordinated network design exercise is undertaken on an annual basis, with the potential to identify anticipatory investment e.g. in relation to CSNP and/or in respect of Gate 1 projects. However, the Gate 1 process does not provide a confirmed connection point and confirmed connection date and this is not provided until Gate 2. The Gate 2 criteria have to be achieved to enter into the Gate 2 process and this first requires land rights for the project. In respect of interconnectors and OHAs what do the Gate 2 criteria land rights relate to?

Potential Solution Two

- We are proposing that in respect of interconnectors and OHAs the Gate 2 criteria would be applied in respect of the onshore convertor substation i.e. in respect of the onshore convertor substation the developer can demonstrate that they have secured the rights to lease or own the land (or already lease or own the land) on which the Site is planned to be located and this is within appropriate parameters e.g. any option agreement should have a longstop date that is later than the earlier of the Completion Date or [7] years after submission of Gate 2 evidence etc.

Challenges and Potential Solutions

Challenge Three

- This can potentially change the indicative connection point provided at Gate 1, and developers cannot enter into a Gate 2 process until the Gate 2 criteria have been achieved i.e. appropriate land rights in relation to the convertor substation. This results in a circularity whereby the developer of an interconnector or OHA cannot likely obtain appropriate land rights to pass Gate 2 until there is a confirmed connection point and the connection point cannot be confirmed until the appropriate land rights have been obtained.

Potential Solution Three

- We are considering making the indicative connection point and connection date offered at Gate 1 a confirmed one, for interconnectors and OHAs, subject to additional developer commitments i.e. that the Gate 2 criteria will be achieved no later than [X] months from Gate 1 contract acceptance. Therefore, after the co-ordinated network design exercise, the NESO would reserve a connection point and capacity at that location to allow the interconnector or OHA developer to obtain appropriate land rights in the vicinity within designated timescales prior to going through the Gate 2 process and taking on the standard obligations in relation to Gate 2 projects.

Non-GB Projects

For Discussion

Challenges and Potential Solutions

Challenge One

- Legal and regulatory uncertainty over classification of different types of Non-GB projects.

Potential Solution One

- Apply the prevailing approach in respect of the regulatory classification of Non-GB projects based on their configuration in respect of key components of proposals i.e. if akin to an onshore connection, apply those arrangements, and if akin to an interconnector (or OHA), apply those arrangements.

Gate 2 Queries Playback – Verbal Update

- Workgroup feedback on length of option and lease
- Workgroup feedback on duration from signature of Gate 2 Offer to submission of application for planning consent based on planning type and technology

Paul Mullen - ESO

Any Other Business

Claire Goult – ESO Code Administrator

Action	Workgroup	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	Closed
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	Covered in WG4	WG2	Closed
5	WG1	JH/RW	Collaborate and finalise the Terms of Reference whilst cross checking against CM095.		WG2	Closed
6	WG2	JH	Clarification slide on what is BAU regarding the GSP process	Covered WG4	WG4	Closed
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	Open
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	Open
9	WG2	AP	Slide on Large Embedded for clarification		WG4	Open
10	WG2	DD	Tabulate Minor and Major Changes at Gate 1 and 2 for a clearer distinction	Covered WG4	WG4	Open
11	WG2	JH/DD	Response to the paper provided by Simon Lord	Ongoing	WG4	Open
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	Open
13	WG2	ALL	Workgroup to propose what they think could change in their application between Gate 1 and Gate 2		TBC	Open
14	WG4	JH	Clarification of new GSPs for iDNOs		TBC	Open
15	WG4	JH	Consider alignment of crown estate invitation to tender and auction timing		TBC	Open
16	WG5	RW/GL	Look into where STC changes for CNDM should be located within main body of STC and STCPs		TBC	New
17	WG5	FP	Are the duplication checks at Gate 2 against projects who are within the gate 2 applicants pool of that period, gate 2 applicants that are yet to accept their offer, or/and applicants who have accepted their Gate 2 offer		TBC	New

Next Steps

Claire Goult – ESO Code Administrator