

CMP434 Implementing Connections Reform
CM095 Implementing Connections Reform

Workgroup Meeting 7, 11 June 2024
Online Meeting via Teams

WELCOME



Agenda

Topics to be discussed	Lead
Timeline and Topics	Chair
Scene Setting – WG7	Proposer
Significant Change / Material Technology Change	ESO SMEs
Gate 2 Process	ESO SMEs
Query Log	ESO SMEs
Action Review	Chair
Agree Agenda for Workgroup 8	All
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

<p>WG meeting 1</p>	<ul style="list-style-type: none"> • 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?
<p>WG meeting 2</p>	<ul style="list-style-type: none"> • Clarifying which projects go through the primary process. • Clarifying any deviations from primary process e.g. for certain technologies.
<p>WG meeting 3 and WG meeting 4</p>	<ul style="list-style-type: none"> • 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
<p>WG meeting 5 and WG meeting 6</p>	<ul style="list-style-type: none"> • 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)
<p>WG meeting 7 and WG meeting 8</p>	<ul style="list-style-type: none"> • Significant Change/Material Technology Change • 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 Criteria Update/Evidence Submission Process
<p>WG meeting 9 and WG meeting 10</p>	<ul style="list-style-type: none"> • 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)
<p>WG meeting 11</p>	<ul style="list-style-type: none"> • Assess WG Consultation responses, discuss new points • Discuss potential alternatives and agree who develops these
<p>WG meeting 12 and WG meeting 13</p>	<ul style="list-style-type: none"> • Finalise WG Alternatives (CUSC 1st then reflect in STC) • Legal Text (Separate CUSC and STC)
<p>WG meeting 14</p>	<ul style="list-style-type: none"> • 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)
<p>WG meeting 15</p>	<ul style="list-style-type: none"> • Workgroup Report (Separate CUSC and STC) • Workgroup Vote (Separate CUSC and STC)

WG7 Scene Setting
Graham Lear – ESO Proposer

Meeting Objectives

What is the focus of the meeting?

- Overview of Significant Change / Material Technology Change
- Overview of Gate 2 Process

What is the ask of the workgroup?

- Input on outlined agenda items

What is the desired output of the meeting?

- Shared understanding of the proposal in relation to significant change
- Shared understanding of proposed solution re: Gate 2 process

What should not be discussed?

- Items previously discussed unless expressly listed in the Agenda



**Significant Change / Material Technology
Change**
ESO SMEs

Significant Changes – Overview and Explanatory Text

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 primary process within TMO4+. 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 on the next slide is provided as a guide to when in scope developers should expect to await/follow the primary process in TMO4+. It is not an exhaustive list, and it is intended to be further developed to support the interpretation of the codified concept of significant changes, once the legal text for this concept is available.

To interpret the next slide:

Where something is ‘Potentially Significant’ then in certain 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 change requests.

Where something is ‘Potentially Significant’, ‘Not Significant’ or ‘N/A’, further explanatory information may also be provided on the slide which follows the next one.

Significant Changes – Work-in-Progress Guidance

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 generation 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 generation 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)
Demand Capacity Increase (Directly Connected Demand)	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)
Demand Capacity Reduction (Directly Connected Demand)	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)	N/A
Requesting a Different Preferred Connection Point to Originally Requested	N/A	Allowed via Gate 2 Application	N/A	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 (5)	N/A
Contracted Connection Date Delay Request	N/A	N/A	Not Significant (6)	N/A
Re-Planting	N/A	N/A	N/A	Potentially Significant (7)

* Under Further Review

Significant Changes - Additional Information

- (1) Capacity reductions after Gate 2 are 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 due to normal project development are not significant. A fundamental change to the location of the project would be significant e.g. if it is in a completely different location for a reason unrelated to normal project development.
- (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) 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.
- (6) Delay requests to connection dates after Gate 2 are to be governed by the (proposed to be amended by TMO4+) Queue Management arrangements.
- (7) 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

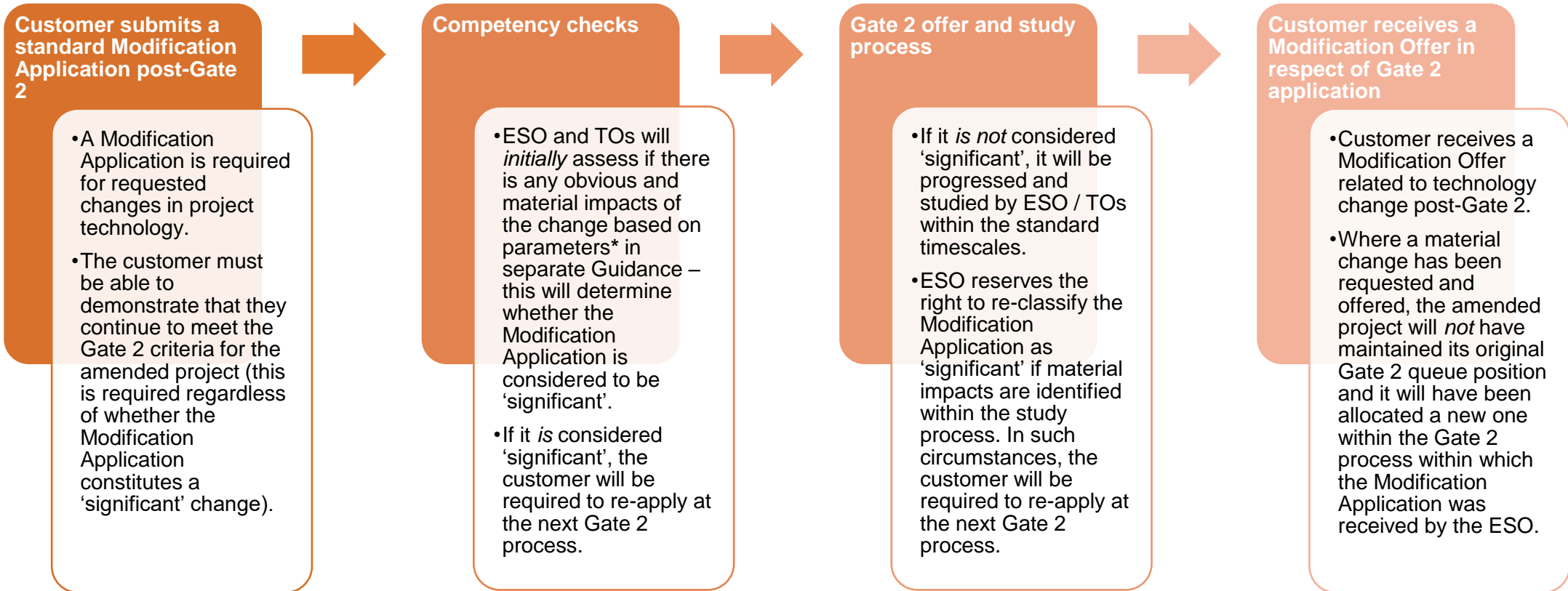
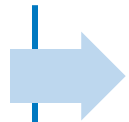
- Small and Medium Embedded Generation that wants a BEGA with the ESO must follow the primary process to request/obtain a BEGA and their request must match what is contracted with the DNO/IDNO.
- Contract novations, contract terminations and contract notices are not significant changes. Other contract 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.

Modification Applications requesting a technology change

This slide shows the high-level process flow for Modification Applications for transmission-connected customers requesting a technology change post-Gate 2.

- We expect a similar process to take place for Modification Applications pre-Gate 2 for transmission-connected customers requesting a technology change, although likely following a different and less onerous set of criteria / parameters to determine whether a Modification Application is considered a 'significant change' pre-Gate 2 (compared to post-Gate 2).

Customer meets Gate 2 criteria

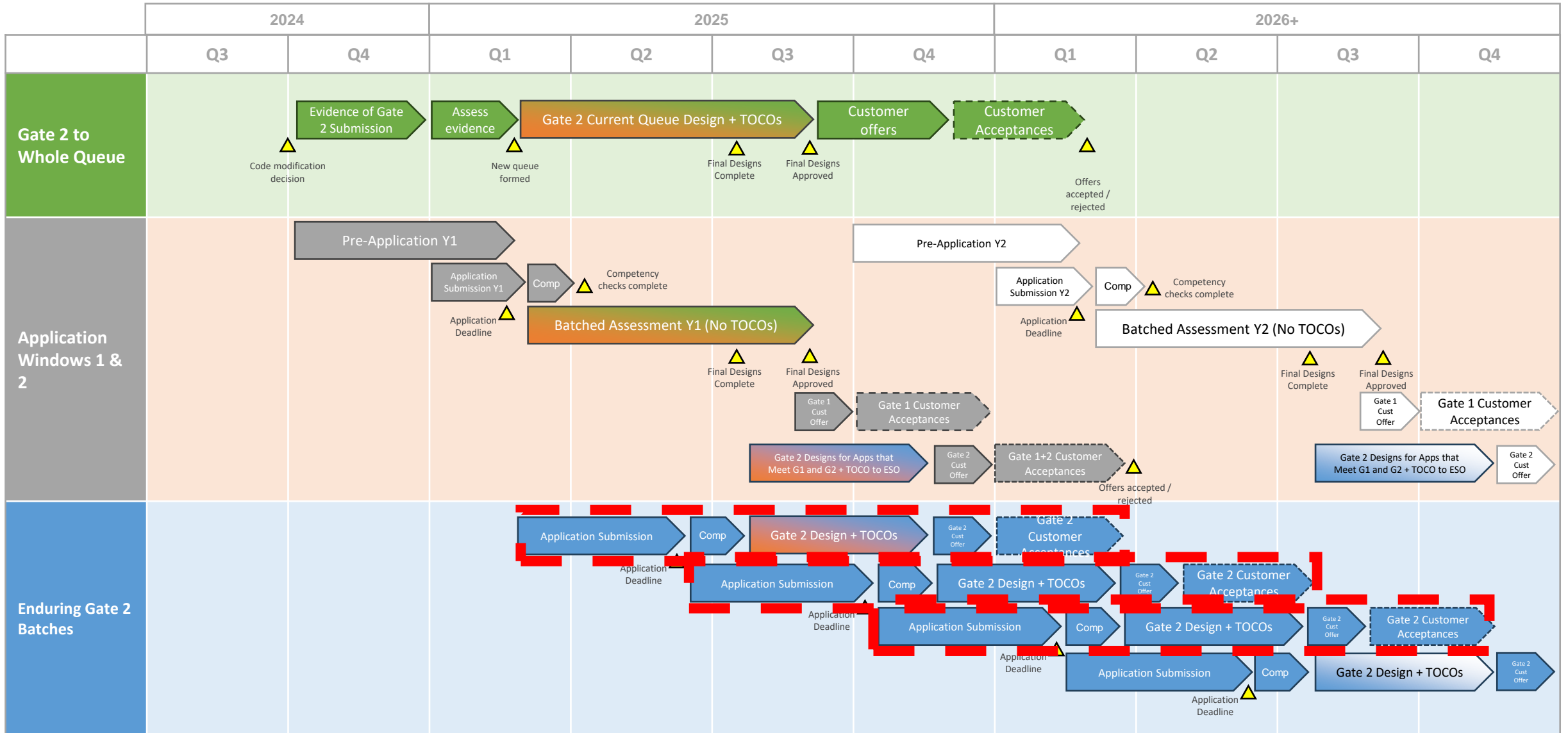


* ESO has been developing a technology change policy paper to assess if projects are able to retain queue position for a technology change Modification Application (following pre-reform processes). At present, material impacts are expected to include but are not limited to **(1) thermal output in CPAs, (2) fault level contributions, (3) power quality impacts** that are more onerous than the original connection. We plan to update and publish this policy guidance in future in the context of TMO4+, including in relation to the significant change process as per the previous slides.

Gate 2 Process

ESO SMEs

Gate 2 Proposed Process & Timeline - Annual Cycle Highlighted



Gate 2 Proposed Process & Timeline

Three Gate 2 Batched Network Design Processes per Annum one of which will include projects which have simultaneously applied for both Gate 1 and Gate 2 in the annual Gate 1 application window.

Application Stage (Four Months) and Competency Check Stage (One Month)

- Proposed to be open continuously throughout the year, with applications after each cut-off point then being considered within the subsequent process.

CPAs / Gate 2 Network Design / TOCO Creation (Four Months)

- Note that the CPA creation and network design aspects of the process are not proposed to be in scope for CMP434, other than in relation to the previously presented position on the Connections Network Design Methodology.
- CPAs, Gate 2 network design to provide connection dates and connection points and TOCO creation all proposed within a challenging four-month period within these proposals. This is especially so for the first proposed process due to overlap with the Gate 2 to Whole Queue process.
- Due to overlapping processes the prior Batch 2 network design exercise will need to make assumptions regarding the outcome of the prior process e.g. that all developers from the prior process accept their Gate 2 Offers, with any not being considered within a capacity reallocation process.

Gate 2 Offer (One Month) and Acceptance Period (Three Months)

- The developer acceptance has been left at 3 months, as per the status quo arrangements.

Do you have any views on how the Gate 2 Proposed Process & Timeline could be improved from an ESO/TO and/or a Developer perspective?

Process for how DNO's notify the ESO of Relevant Small/Medium Power Stations which meet the Gate 2 criteria is largely the same as BAU today.



Current BAU process

- Will utilise existing Project Progression/Transmission Impact Assessment (TIA) process for DNO's to submit Gate 2 Application to the ESO.
- Like today, projects under the lower limit TIA thresholds will not have to go through any process.
- Current thinking is that Applications can be batched or sent individually (BAU).
- DNO's will submit completed Project Progression / TIA template, DCR data and Gate 2 Application Fee to the ESO.
- It is currently expected that the same DRC / technical data is required as per the existing process for Project Progression / TIA now.

What's changing

- Projects have to meet Gate 2 criteria to go into the Gate 2 Application process.
- DNO's will confirm if a project has met the Gate 2 criteria on behalf of the ESO (ESO solution under development for Gate 2 duplication checks).
- DNO's submit Gate 2 applications within the Gate 2 window.
- The Project Progression submission template will need to be amended to capture the date/time a project met the Gate 2 criteria.
- Changes required to Section 6.5 to reflect the new process.
- Offer process to be discussed in WG 9/10.

Query Log Update

Proposer/SMEs

Actions Review

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
3	WG1	JH	Tighten up the language RE: User Commitment Methodology/ Final Sums	consultation	WG2	N/A
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	consultation	WG3	N/A
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	Pick up with AP	WG3	Open
9	WG2	AP	Slide on Large Embedded for clarification	Pick up with AP	WG4	Open
11	WG2	ALL	Add agenda time to respond to papers provided by Workgroup members	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?	Answer on 11/06/24 JH	WG4	Open
13	WG2	ALL	Workgroup to propose what they think could change in their application between Gate 1 and Gate 2		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	Later WG	TBC	Open
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	Later WG	TBC	Open
18	WG6	RE/MO	Share table and/or visual outlining the difference between the ESO/TO costs covered by an application fee and the TO costs covered by the proposed capacity holding security.		TBC	New
19	WG6	RE/MO	Share a worked example of how the capacity holding security would (in theory) be apportioned between directly connected and relevant small and medium embedded generation projects, using a hypothetical £1/MW value.		TBC	New
20	WG6	JN/AQ	Consider legal perspective on NESO designation		TBC	New
21	WG6	MO	Update/develop slides presented based on Workgroup feedback		TBC	New
22	WG6	JH	Consider if an impact assessment by the ESO on the proposed solution is achievable within the current timescales		TBC	New

Agree Agenda for Workgroup 8
Claire Goult – ESO Code Administrator

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Any Other Business
Claire Goult – ESO Code Administrator

Next Steps

Claire Goult – ESO Code Administrator