

Code Administrator Meeting Summary

Meeting name: Application of Gate 2 Criteria to existing contracted background (Workgroup 6)

Date: 12/06/2024

Contact Details

Chair: Elana Byrne, ESO Code Administrator

Proposer: Alice Taylor, ESO (CMP435), Steve Baker, ESO (CM096)

Key areas of discussion

Action review

The chair reviewed the action log and the Workgroup agreed to close the actions below:

- Action 15 was agreed to be closed.
- Action 23 was proposed to be closed but agreed to be revised as a new action due to clarification still being required regarding the process and evidence for DNO vs ESO self-certification.
- Action 25 was agreed to be closed.
- Action 26 was agreed to be closed.
- Action 27 was agreed to be closed.
- Action 29 was agreed to be closed.
- Action 30 was agreed to be closed.
- Action 32 was agreed to be closed.
- Action 33 was agreed to be closed.
- Action 38 was agreed to be closed.
- Action 40 was agreed to be closed.

Topics covered as part of workgroup discussion:

- Transitional and cut over arrangements.
- NESO Designation.
- Connection Point and Capacity Reservation
- ESO Position Clarification.

Overview

The Chair initiated the meeting, highlighting key areas to be discussed which include the timeline, topics, action review and terms of reference.

Proposer's Update

The Proposer updated the Workgroup on the status of CMP434 in relation to the capacity holding security at Gate 1. The Proposer advised that due to feedback, it was decided to remove this initial proposal and consider an alternative approach. The new proposal, whilst still being developed, will introduce a Gate 1 longstop date pending further discussions in the Workgroup.

Transitional and cut over arrangements.

- The ESO SME explains the difference between transitional arrangements and cutover processes, emphasising that transitional arrangements are not part of the modification, but due to several queries it seems fit to clarify.
- The ESO SME advised that the process is still in development, and it will need a derogation from Ofgem.
- The ESO SME presented the Workgroup with a detailed pack that outlined the different scenarios and timelines involved in the transitional process ensuring the Workgroup understood the steps and implications. Timelines shared were for 'new applications', 'applications requiring TO studies' and 'project progressions for small and medium power stations'.
- The ESO SME explained the reasoning behind the different timelines, noting there may be some adjustments due to CMP434's discussions, and the importance of having a contracted background before the new processes starts.
- The ESO SME advised that it was worth clarifying that the self-declaration process is being proposed, acknowledging the risk that if self-certification is not approved it might impact the timings. It was explained that the self-certification process could streamline the transition process as the proposal gives developers an extra month.
- Reasonable administration fee posed (not finalised) but expected to be fixed and lower than a normal new application fee.
- Work is ongoing with TOs but no TOCOs are anticipated (requiring a derogation).
- Questions were raised by an Interconnector Workgroup member about how interconnectors/OHAs are addressed as to the offer they would receive (a query agreed to be logged, and discussions held with the ESO).
- The ESO SME referred to current plans for a Gate 1 offer to resemble a full offer but with unpopulated appendices (for discussion in a later Workgroup)
- It was referred to by a representative from the ENA that DNOs would mirror the ESO process for evidencing gate progression, not jeopardising proposed timings.

- A Workgroup member raised the possibility of a moratorium period vs a derogation to transition into an unapproved process, with the ESO SME noting that a moratorium option would not be proposed due to its impact on the markets. The ESO SME discussed the fallback plan if the proposed modifications are not approved, which involves reverting to standard offers. Explaining that ESO would revert any transitional offers back into standard offers to ensure the offers are consistent with what customers would receive normally.
- The ESO SME emphasised the importance of offering a consistent timeframe for both transmission and distribution, advising that projects starting before 31st August 2024 will receive a standard offer and the month difference between transmission and distribution is to account for customer perspectives needing to apply to the DNO before progressing.
- Scenarios posed by Workgroup members in the query log were addressed in the slides.

NESO Designation

- The discussion centred on the outline of the NESO designation concept, its applicability across different gates development, definitions of terms, how designated projects may be identified and codification.
- The documentation for the NESO designation is still in development but thoughts were shared on what may be included.
- The ESO SME explained that the proposed NESO designation will set out the criteria and methodology (in development) to progress through Gate 2 with an enhanced queue position or capacity allocation. It was clarified that this designation is not by DESNZ.
- The ESO SME outlined the proposal that designation was not for transmission-connected projects exclusively and would include embedded projects etc. and projects at different stages of development too.
- In response to Workgroup questions, the ESO SME referenced that derogation would not make any offers worse if a developer had an offer they were happy with pre-designation, that arrangements would need to be in place in 2024 to allow the Gate 2 to whole queue capacity reallocation exercise involving designated projects. It was clarified that the list of designated projects was not fixed if circumstances warranted changes to it.
- The ESO SME explained that the concept of the NESO designation is proposed to be codified but with guidance notes to outline a governance process for approvals.
- A Workgroup member raised a question about the publication of the NESO Designation list to promote transparency. Another Workgroup member suggested that a list of rejected applications for the NESO designation should also be published so the industry has visibility of the reasons, and it can be used as reference for future applications.
- A Workgroup member queried whether this option is to be used as a last resort after the normal commercial process, tenders or commercial charging signal arrangements have been applied first.

- The ESO SME clarified that there is no intention to bypass any of the standard processes and Gate 2 batches.
- A Workgroup member shared concerns about the designation being used quite broadly and that it could prevent projects that are already in the queue from being brought forward because they didn't meet this criterion.
- The Workgroup member stated that this should be brought forward as a separate modification in relation to strategic energy planning, suggesting that if there is a need for system security or security of supply the ESO should rely on Ofgem derogations on a case-by-case basis.
- The Workgroup suggested that consultations and further discussions should occur before finalising designations.
- Concerns about the needing more details on specifics of designation process and its implementation were acknowledged (e.g., the powers afforded by it and governance of it).
- A Workgroup member raised concerns about the materially reduce system and network constraints criteria and the interactions this might have with Balancing Mechanism and prices.
- There was support of the principle behind the measure by some Workgroup members, who required more evidence/tighter details for how it would work in practice.
- The ESO SME asked the Workgroup if they supported guidance having Authority approval, but there was no firm agreement on this from the Workgroup.
- The ESO SME asked the Workgroup if they supported the proposal, a few Workgroup members were open to the idea however comments were made about more information being required before they could make a full assessment.
- Efforts to review concerns and seek guidance and recommendations taken as action by the ESO SME.

Connection Point and Capacity Reservation

- The ESO SME clarifies that within the STC (in an STCP) there is currently the discretionary ability to reserve bays and explained that within TMO4+ it is planned to continue to use these rights in limited circumstances, separate to the Gate 2 criteria (including NESO Designation).
- The ESO SME advised that due to existing limitations, it is proposed to expand this existing 'bay reservation' approach to become a broader 'connection point and capacity reservation' approach in TMO4+ (via STCP and STC Section D).
- A Workgroup member questioned what transparency and visibility stakeholders would have, and where costs (e.g., delay fees) would be recovered from. The ESO SME will investigate this point further.
- A Workgroup member queried in regard to applying bays, how is this going to apply to the existing queue? The ESO SME advised that there will be a phase capacity approach.

- A Workgroup member stated that this should be codified (in particular the types of competition that will qualify for a reserved bay), and shared concerns about all the bays ESO is going to have by the end of the year and the risks involved for projects that are already in the queue.
- The ESO SME clarified that this process would not have the ESO/NESO select projects for reserved bays, but allow equal access to the reserved bays for projects successfully coming through leasing rounds/competitions.
- The ESO SME responded to a query that reservations could favour certain technology types by noting that the Holistic Network Design and strategic network design would be involved in this process to reserve appropriately (and technologies would still have to meeting the Gate 2 criteria to get a reserved bay).
- An ESO SME clarified that capacity reservation should be considered as separate to the Queue Management process.
- An interconnector Workgroup member questioned the process for this relating to the types of offer interconnectors and OHA would receive, which the ESO will consider.
- A Workgroup member advised that this doesn't feel like a minimum viable product specially for an urgent timeline and suggested that further analysis is required for economic assessment.

ESO Position Clarification

- The ESO SME shared a table combining the scope of project types that CMP434 and CMP435 covers (amended based on the feedback and presented to CMP434).
- A Workgroup member raised a query as to the feasibility that all demand users' should have to demonstrate land rights.
- Discussions on whether interconnectors/OHA projects would add unnecessary complexity to this solution were deferred for a CMP434 gate criteria discussion.
- Regarding application fees the ESO SME confirmed no reimbursements were planned and a Workgroup member questioned the situation with inter-trips and publicising when projects fall out ahead in the queue. The ESO agreed to consider this.
- The ESO SME gave an update on Capital Contributions and that the ESO are currently assessing the size of the challenge to know how to tackle it to avoid double-charging (in discussion with TOs). Until all information is gathered on parties who have not meet the Gate 2 criteria they are currently unable to assess the scale of this potential issue, so a modification in 2025 may be suitable to address it.
- Concerns were shared by the Workgroup regarding the parties that have already paid and the uncertainty around the Capital Contribution rebate.
- A Workgroup member asked how Capital Contribution applies to DNOs/IDNOs.
- Regarding an update to the CMP435 illustrative example of the process, text had been added to reflect that suggestions on queue position would be considered for the Connections Network Design Methodology. Workgroup members expressed concern that this implies queue advancement would not be considered by CMP435 and codified, whereas the ESO SME stated that the CNDM was seen as a different

development programme (and codification to be discussed at an upcoming Workgroup).

Any Other Business

- The Proposer shared a reminder for the Workgroup to use the query log and check for updates - the Proposer asked the Workgroup to ensure answers are sufficient and highlight if further discussions are required on a specific topic.
- The Chair informed the Workgroup that a spreadsheet for Workgroup members to discuss alternatives was on the collaboration space (as per CMP435/CM095)

Next Steps

- Workgroup encouraged to continue reviewing and submitting queries on the query log.
- Workgroup 6 summary and meeting 7 papers to be shared with the Workgroup.

Actions

| Action number | Workgroup Raised | Owner | Action | Comment | Due by | Status |
|---------------|------------------------|------------|--|--|---------|--------|
| 2 | WG1 | AT | Document that charging and user commitments will be out of scope for CMP435 | | N/A | Open |
| 6 | WG1 | EB | Workgroup to discuss the consequences of the SO:DNO contract changes on DNO/IDNO contracts with other parties | Not for the CMP435 solution but WG Report WG time to be allocated to discuss this specifically | Ongoing | Open |
| 7 | WG1 | Code Admin | Collaboration space – access queries to be explored with IT | Members can also explore this with their IT teams | Ongoing | Open |
| 12 | WG2 (amended post WG4) | LH/AC | Discuss possibility of further impact assessment (RFI data). Discuss impact assessments of solution options in terms of effects on the current and future queue. | ESO have confirmed that they will not pursue the use of consultants at this time | Ongoing | Open |
| 14 | WG2 | AT/PM | Update WG topics | Further updates to be made post WG4 | WG5 | Open |

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| 15 | WG2 | AT/RW | Clarify process (WG2 slide 2 particularly the yellow box) | Superseded by Process slide that PM presented to 29 May 2024 and 4 June 2024 WG | WG4 | Closed |
| 16 | WG2 | LH | Look into securities for offers | To be referenced in WG6 | June 2024 | Open |
| 19 | WG3 | PM, MO | Clarification on mod apps where CMP435/CM096 are applicable | To be referenced in WG6 | | Open |
| 20 | WG3 | RW, AT | TOs and ESO meeting needed to discuss data available to review capital contributions for 2024 | Information to be brought back to the WG and discussed in context of transitional arrangements | Ongoing | Open |
| 21 | WG3 | ESO Connections Team | When considering transitional arrangements, include guidance for staged projects | | WG6 | Open |
| 23 | WG3 | MO | ESO to check the process to avoid both DNO and ESO assessing evidence for Gate progression | There will be no duplication of effort between ESO and I/DNO in relation to checking of evidence in relation to Gate 2 - subsequently action 41 raised re: process. | WG4 | Closed |
| 25 | WG4 | Proposers, SME, Code Gov | Topics slide – add dates to WG, consider best placement for discussion of impacts on DNO/IDNO, the WG consultation review & timings for DCUSA changes/guidance | Check with KS for DCUSA discussion (agreed with KS to be post WG consultation) | WG5 | Closed |
| 26 | WG4 | LC | Authority to consider licence obligations and possible penalties for DNOs/IDNOs performing checks on projects | Addressed by LC in WG5 and query 62 on query log | WG5 | Closed |
| 27 | WG4 | MO | Updates to the WG4 slides on Scope | For the avoidance of doubt...line, reference to Pt 1 & Pt 2, synch comps in embedded | WG5 | Closed |

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| | | | | generation, wording around New Grid Supply Point/substation, reference to interconnectors - in the slide pack for WG6 for reference | | |
| 28 | WG4 | PM | Work through different scenarios for progressing/not progressing through the Gates (accept, reject, refer) considering conditions such as restrictions on availability | | Ongoing | Open |
| 29 | WG4 | RP & KS | Map out the timings for implementation plan (ESO to liaise with ENA) | | Ongoing | Closed |
| 30 | WG4 | PM | Review process slides – ongoing compliance pulled out to apply to all scenarios on example slide, consider simplification to manage queue position based on clock start date | Queue position line added to process slide in WG6 slides; ongoing compliance was already added to process slide presented at WG5 | WG5 | Closed |
| 31 | WG4 | RP | Call to be arranged between RP and JD about the consequences of customers not progressing if part of multi-customer applications (to then progress understanding of this via the ENA SCG groups) | Meeting Thursday 06/06. Keep open for outcomes to be shared with WG. | Ongoing | Open |
| 32 | WG4 | MO | ESO to confirm rationale for 3 month waiting period for refunds | Update shared in WG5 by MO that rationale was to allow security in place to lapse vs actively cancel/return it before natural expiration | WG5 | Closed |
| 33 | WG4 | RE | ESO to consider the analysis available/possible to support the proposal for the Gate 1 Capacity Holding Security | CMP434/CM095 to discuss first | Ongoing | Closed |

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| 34 | WG5 | Code Gov, Proposers, SME | Assess the agenda for 16 July (considering time needed to review consultation responses) | | Ongoing | Open |
| 35 | WG5 | RP | Updates shared to the 435/96 WG from the SCG group exploring implementation | | Ongoing | Open |
| 36 | WG5 | Angie | Statement from ESO as to the CAP150 powers and how they are applied /can be applied re: ongoing compliance (include link to CAP150 info on ESO website) | | Ongoing | Open |
| 37 | WG5 | Angie | Consequences for a false declaration on a self-certification letter outlined for CMP435/CM096 (i.e. any other than termination of agreement) | | WG7 | Open |
| 38 | WG5 | PM | Amend to the Planning: ongoing compliance slide to remove Gate 2, amend to Process slide to adjust in relation to reordering | Added to process slide in WG6 pack | WG6 | Closed |
| 39 | WG5 | PM | Date for the Gate 2 qualification dispute process could start | | Ongoing | Open |
| 40 | WG5 | RM/LH | RFI recipient to be confirmed for Drax | RFI sent out to customers via a distribution list of customers from Salesforce and also published it on the website | WG6 | Closed |
| 41 | WG6 | PM/AP | The process & evidence requirements confirmed for DNO/IDNO evidence checking & if there will be a specific template for the self-certificate process for DNOs/IDNOs. | WG7 | | Open |
| 42 | WG6 | LH | Check with legal as to the clock start dates for new applications considering the point of implementation after an Authority decision (is 15th of November date is legally acceptable as the Gate 1 process only comes to existence 10 | Ongoing | | Open |

| | | | Working days after Authority decision?) | | |
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| 43 | WG6 | RM | Clarify the resources available to industry if they disagree with the a specific NESO designation or NESO designation as a process and the basis of (link to query 50 from GG – on what legal basis the ESO can designate projects to not meet CMP435 criteria) | Ongoing | Open |
| 44 | WG6 | RM | Confirmation about whether NESO designation applications, decisions and decision rationales would be published. | Ongoing | Open |
| 45 | WG6 | RM | Confirm when NESO designation guidance is likely to be finalised. | Ongoing | Open |
| 46 | WG6 | RM | Check if the three competition routes for reserving bays will be codified and stipulate the specific routes applicable. | WG7 | Open |
| 47 | WG6 | RM | ESO to reflect on the NESO designation vs Ofgem derogation question and respond to the Workgroup with a confirmed position. | Ongoing | Open |
| 48 | WG6 | PM/MO/AD | Call arranged to discuss interconnections and OHA in relation to CMP435 impacts | Ongoing | Open |

Attendees (excluding Observers)

| Name | Initial | Company | Role |
|--------------|---------|-------------------------|---------------------|
| Elana Byrne | EB | Code Administrator, ESO | Chair |
| Catia Gomes | CG | Code Administrator, ESO | Technical Secretary |
| Prisca Evans | PE | Code Administrator, ESO | Technical Secretary |
| Tammy Meek | TM | Code Administrator, ESO | Technical Secretary |
| Alice Taylor | AT | ESO | Proposer CMP435 |
| Steve Baker | SB | ESO | Proposer CM096 |

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|-------------------|----|--------------------------------|--------------------------------------|
| Anca Ustea | AU | ESO | Subject Matter Expert |
| Paul Mullen | PM | ESO | Subject Matter Expert |
| Richard Paterson | RP | ESO | Subject Matter Expert |
| Laura Henry | LH | ESO | Subject Matter Expert |
| Angela Quinn | AQ | ESO | Subject Matter Expert |
| Alex Curtis | AC | ESO | Subject Matter Expert |
| Mike Oxenham | MO | ESO | Subject Matter Expert |
| Ruth Matthews | RM | ESO | Subject Matter Expert |
| Rory Fulton | RF | OFGEM | Authority Representative |
| Andrew Colley | AC | SSE Generation | Workgroup Member Alternate CMP435 |
| Andy Dekany | AD | National Grid | Workgroup Member CMP435 |
| Barney Cowin | BC | Statkraft | Workgroup Member CMP435 |
| Callum Dell | CD | INV Energy | Workgroup Member CMP435 |
| Claire Hynes | CH | RWE Renewables | Workgroup Member CMP435 & CM096 |
| Charles Deacon | CD | Eclipse Power Solutions | Workgroup Member CMP435 |
| Ciaran Fitzgerald | CF | Scottish Power Energy Networks | Workgroup Member Alternate CMP435 |
| Ed Birkett | EB | Low Carbon | Workgroup Member CMP435 |
| Gareth Williams | GW | Scottish Power Transmission | Workgroup Member CMP435 & CM096 |
| Garth Graham | GG | SSE Generation | Workgroup Member CMP435 |
| Greg Stevenson | GS | SSEN Transmission | Workgroup Member CMP435 & CM096 |
| Helen Stack | HS | Centrica | Workgroup Member Alternate CMP435 |
| Hooman Andami | HA | Elmya Energy | Workgroup Member CMP435 |
| Hugh Morgan | HM | Green Gen Cymru | Workgroup member Alternate CMP435 |
| Jack Purchase | JP | NGED | Workgroup Member CMP435 |

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| Joe Colebrook | JC | Innova Renewables | Workgroup Member CMP435 & CM096 |
| Jonathan Whitaker | JW | SSEN Transmission | Workgroup Member Alternate CMP435 |
| Luke Scott | LS | Northern Powergrid | Workgroup Member Alternate CMP435 |
| Mark Field | MF | Sembcorp Energy | Workgroup Member CMP435 |
| Michelle MacDonald Sandison | MS | SSE Distribution | Workgroup Member CMP435 |
| Mireia Barenys | MB | Lightsourcebp | Workgroup Member Alternate CMP435 |
| Mpumelelo Hlophe | MH | Fred Olsen | Workgroup Member Alternate CMP435 |
| Muhammad Madni | MM | National Grid | Workgroup Member Alternate CMP435 |
| Niall Stuart | NS | Buchan Offshore Wind | Workgroup Member CMP435 |
| Nina Sharma | NSh | Drax | Workgroup Member Alternate CMP435 |
| Nirmalya Biswas | NB | Northern Powergrid | Workgroup Member CMP435 |
| Paul Jones | PJ | Uniper | Workgroup Member CMP435 & CM096 |
| Paul Youngman | PY | Drax | Workgroup Member CMP435 |
| Ravinder Shan | RS | FRV TH Powertek Limited | Workgroup Member CMP435 |
| Richard Woodward | RW | NGET | Workgroup Member CMP435 & CM096 |
| Rob Smith | RS | ENSO Energy | Workgroup Member CMP435 |
| Samuel Railton | SR | Centrica | Workgroup Member CMP435 |
| Steffan Jones | SJ | Electricity North West Limited | Workgroup Member CMP435 |
| Steve Halsey | SH | UK Power Networks | Workgroup Member Alternate CMP435 |
| Tim Ellingham | TB | RWE Renewables | Workgroup Member Alternate CMP435 |
| Wendy Mantle | WM | Scottish Power Energy Networks | Workgroup Member CMP435 |

