CMP434 Implementing Connections Reform
CM095 Implementing Connections Reform

Workgroup Meeting 9, 18 June 2024

Online Meeting via Teams

WELCOME

Agenda

Topics to be discussed	Lead
Timeline and Topics	Chair
Scene Setting – WG9	Proposer
ESO Guidance Governance Approach	ESO SMEs
Gate 1 Longstop Date	ESO SMEs
Dispute Process	ESO SMEs
Connection Point and Capacity Reservation Follow-Up Discussion	ESO SMEs
Actions and Query Log	Chair
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)/Material/Significant Technology Change~~ • ~~Gate 2 Criteria Update/Evidence Submission Process/DFTC/Workgroup Consultation Update~~
WG meeting 9 and WG meeting 10	• ESO Guidance Governance Approach, Gate 1 Longstop Date, Dispute Process, Connection point and Capacity Reservation Follow-up Discussion • Gate 2 Criteria – Forward Looking DM Milestones Part 1, Gate 1 and 2 Offer Content, DFTC Gate 1 Outcome and Gate 2 Offer

WG9 Scene Setting

Joe Henry – ESO Proposer

Meeting Objectives

What is the focus of the meeting?

- ESO Guidance Governance Approach Proposals
- Gate 1 Longstop Date Proposals
- Dispute Process
- Connection Point and Capacity Reservation Follow Up

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:

- ESO Guidance Governance Approach
- Gate 1 Longstop
- Dispute Process
- Connection Point and Capacity Reservation

What should not be discussed?

- Items previously discussed unless expressly listed in the Agenda

ESO Guidance Governance Approach Proposals

Mike Oxenham - SME

ESO Guidance Governance Approach Proposals

Throughout Workgroup meetings to date we have been referring to light codification and reliance on supplementary 'guidance' or 'methodology' for new concepts. For example, we have referred to:

- Amending existing 'guidance' e.g. in relation to Queue Management and LoAs
- Introducing new 'guidance' e.g. in relation to 'Significant Change' and 'Material Technology Change' and the 'Gate 2 Criteria'.
- Introducing new 'methodologies' e.g. in relation to 'Connections Network Design' and 'NESO Designation'.

We therefore seek to clarify how we see this working in greater detail and set out our views on which documents should have tighter process controls in place. The following table sets out the key supplementary documentation we consider should have tighter process controls in place and the next slide sets out our initial view on what those controls should be (noting that these would ultimately need to be specified by Ofgem).

Key Documentation
'Connections Network Design Methodology'
'Gate 2 Criteria Methodology'
'NESO Designation Methodology'

Key Documentation

In respect of the 'Key Documentation' we foresee:

- The concept being lightly codified i.e. a broad definition of the document and its purpose set out within the licence (with reference to it in the code).
- A licence obligation to develop, consult on, publish and comply with such documentation.
- A requirement for Ofgem approval of the documentation, and any material amendments to the documentation in future.

In respect of the consultation and approvals process for this documentation we initially foresee (based on alignment with other licenced areas):

- A formal minimum of 28 calendar days must be allowed for an external consultation on the methodology (and any proposed changes in future).
- A formal consultation report must be issued to the Authority within 14 calendar days of the consultation close.
- A formal period of 28 calendar days for the Authority to review the methodology (and any proposed changes in future) and formal consultation report and during this time the Authority must approve or reject the methodology (or methodology changes in future).
- A review of the methodology must be done at least annually, but with the possibility of more frequent changes where required (process as above).

Whilst not necessarily for inclusion in licence we also foresee a period of informal engagement prior to formal external consultation.

However, the above is subject to discussions with Ofgem and the required changes to Licence Conditions.

In respect of the other documentation or 'guidance' we have mentioned to date we do not foresee the need for this to follow the above approach and we instead foresee such documents being managed and approved by the ESO. We will still keep such documentation under review and engage on it prior to publication and amendment, but we do not think Ofgem approval would be required as above.

Gate 1 Longstop Date

Holli Moon - SME

Gate 1 Longstop Date Proposals

After considering workgroup feedback, we have removed a Gate 1 Capacity Holding Security from our proposal.
We are instead now proposing a 'longstop date' to place a time limit between Gate 1 Offer acceptance and Gate 2 offer acceptance.

Proposed Approach	A forward-calculated longstop date of [3] years from Gate 1 Offer acceptance, but with the ESO to have discretion to extend e.g. to avoid an unintended outcome where the developer has provided evidence to demonstrate sufficient progression.
Scope	Applies to all in-scope directly connected generation, interconnectors (and offshore hybrid assets) and demand projects, as well as large, medium and small embedded generation projects.
Illustrative Example	• Gate 1 Application in January 2025 • Gate 1 Offer Acceptance 1st November 2025 • Contract Automatically Terminated 2nd November 2028 (if no Gate 2 Acceptance and no extension) Note: Gate 2 Offer acceptance (following application) by 1st November 2028 would have averted Gate 1 contract termination.
Mechanism	Via connection contract with the ESO for directly connected and large embedded and via an obligation on DNOs in the CUSC in respect of medium and small embedded generation. We could possibly do this via a new obligation on DNOs to impose a similar approach in their connection contracts with such projects and to then apply the longstop date. We think that the I/DNO's should monitor and apply this separately for their customers and as such the ESO would not need sight of these customers.

Do you agree with the Proposed Approach?

Do you agree with the Scope?

Do you agree with the Mechanism?

Dispute Process

Holli Moon - SME

Dispute

What's In and Out of Scope

Dispute Timelines against Proposed TMO4+ Model (whole queue approach and new applications) + Diagram

Working Scenarios for Dispute

Proposed Dispute Process – Step by Step

Second Step Dispute (Escalation)

What this process covers

In Scope

- New Gate 1 and Gate 2 criteria based disputes (as below)

Out Of Scope

- Any other disputes e.g. covered within CUSC or STC

Dispute Types

- ESO rejects an application on grounds that it has not met Gate 1 criteria, but the applicant believes they have met Gate 1 criteria within the current window timeline
- ESO rejects an application on grounds that it has not met Gate 2 criteria, but the applicant believes they have met Gate 2 criteria within the current window timeline
- Any other dispute raised in relation to not being accepted into Gate 1 or Gate 2 processes

Due to the nature of this process and our broader approach to codification of new concepts we are not looking to fully codify the fast track dispute process

Proposed Dispute Timeline against Gate 1 and Gate 2 Windows

- **Whilst the window for applications is open, there is opportunity to send documentation and meet criteria within the window.**
- **Once the window closes, projects will be made aware if they have met criteria, or been rejected.**
- **Any criteria based disputes can only be submitted once the application window has closed. You will have 5 working days to raise a dispute, from the day you are advised your application has been rejected.**
- **ESO will investigate (within internal timeframes – 5 working days)**
- **If ESO dispute resolution is not accepted, the customer has 3 working days to request it to be reinvestigated by an internal independent ESO colleague (outside of Connections department) as an escalation.**

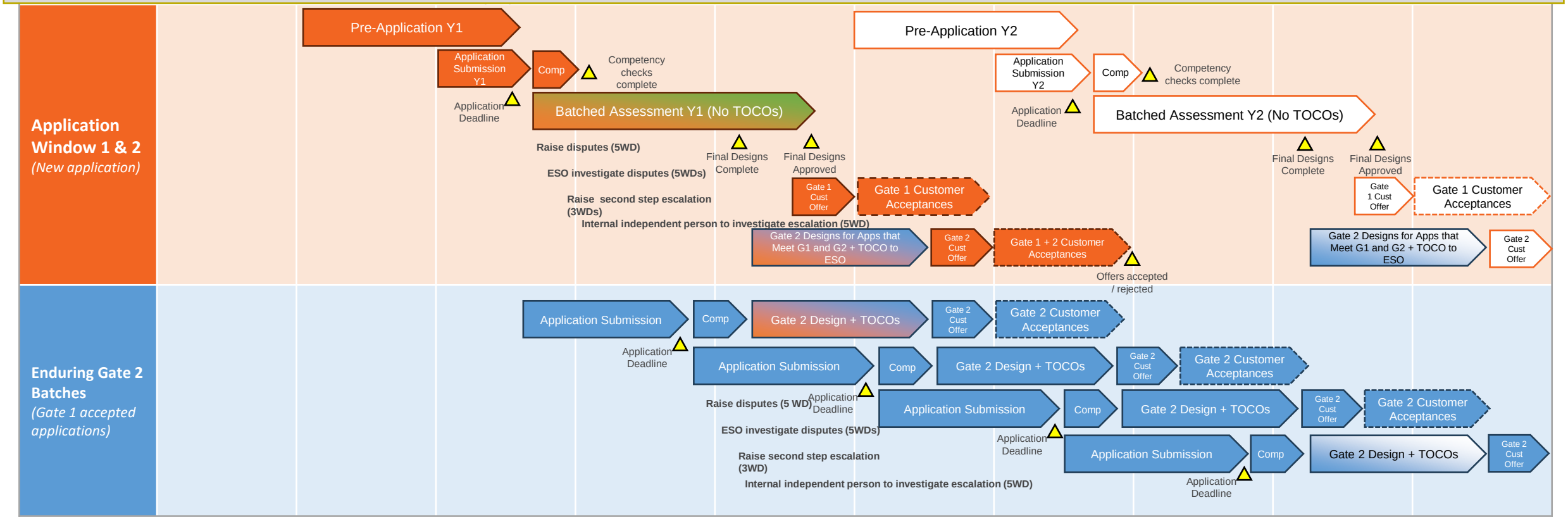
We are proposing on balance that projects will stay within the process whilst in dispute. This is to prevent risk to the customer.

This process remains the same, for both gate 1 and Gate 2 criteria disputes.

Please note the below duration and frequency timeframes are subject to change and the visual has been created to help understand how the dispute and potential escalation processes work alongside the Gate 1 and Gate 2 windows (CMP434), including Gate 2 to whole queue (CMP45).

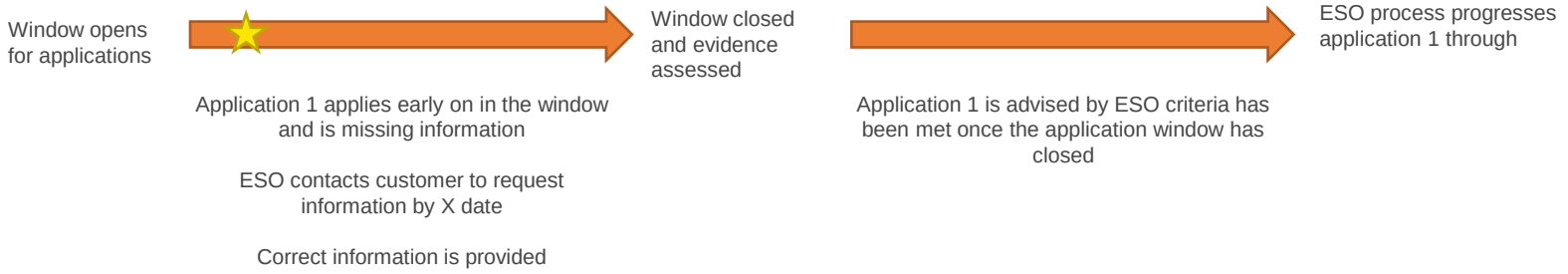
CMP434

(new applications)

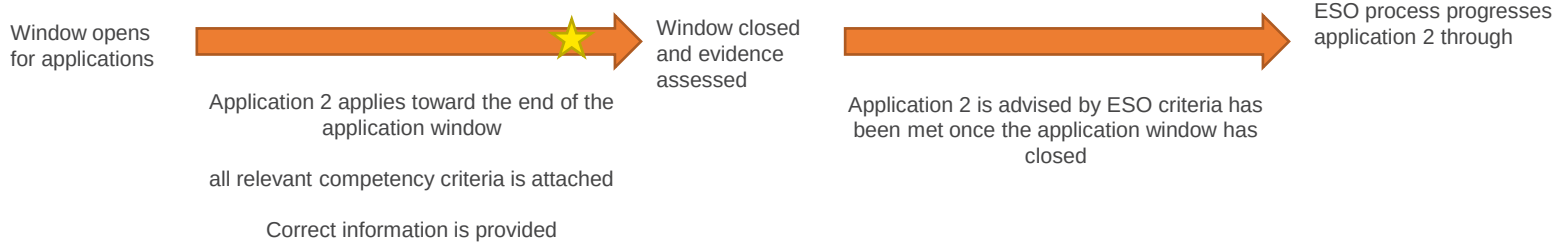


Working scenarios – Applicable to Gate 1 and Gate 2

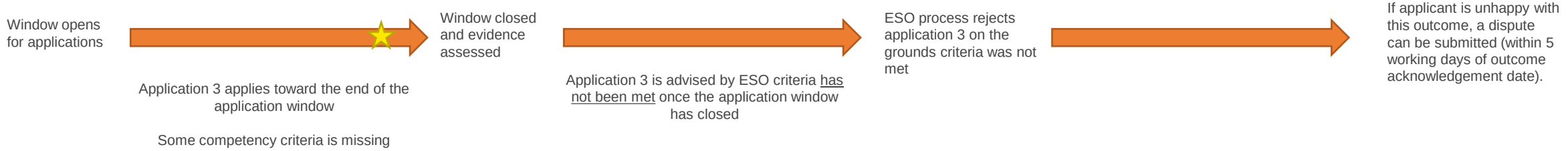
Scenario 1



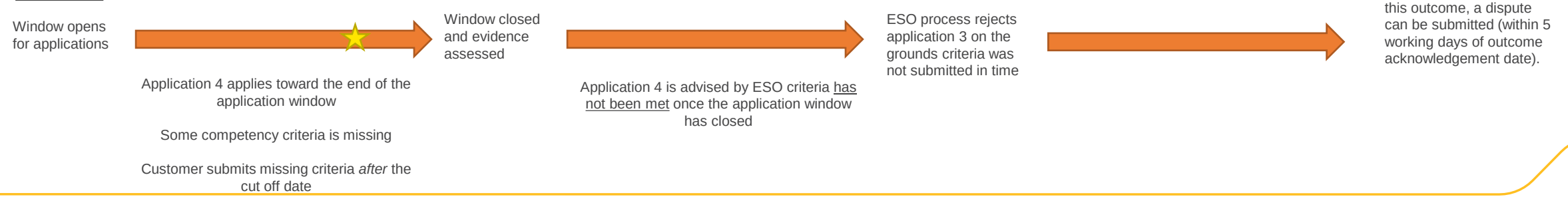
Scenario 2



Scenario 3



Scenario 4



Scenarios Relating To Invoice's

Scenario 5

- **Window opens for applications**
- **Application submitted in time with correct competency criteria**
- **Invoice sent to customer for payment**
- **Customer wishes to dispute payment calculation**

This application will continue in the process until the invoice dispute is resolved.

Scenario 6

- **Window opens for applications**
- **Application submitted in time with correct competency criteria**
- **Invoice sent to customer for payment**
- **Payment date missed by customer**

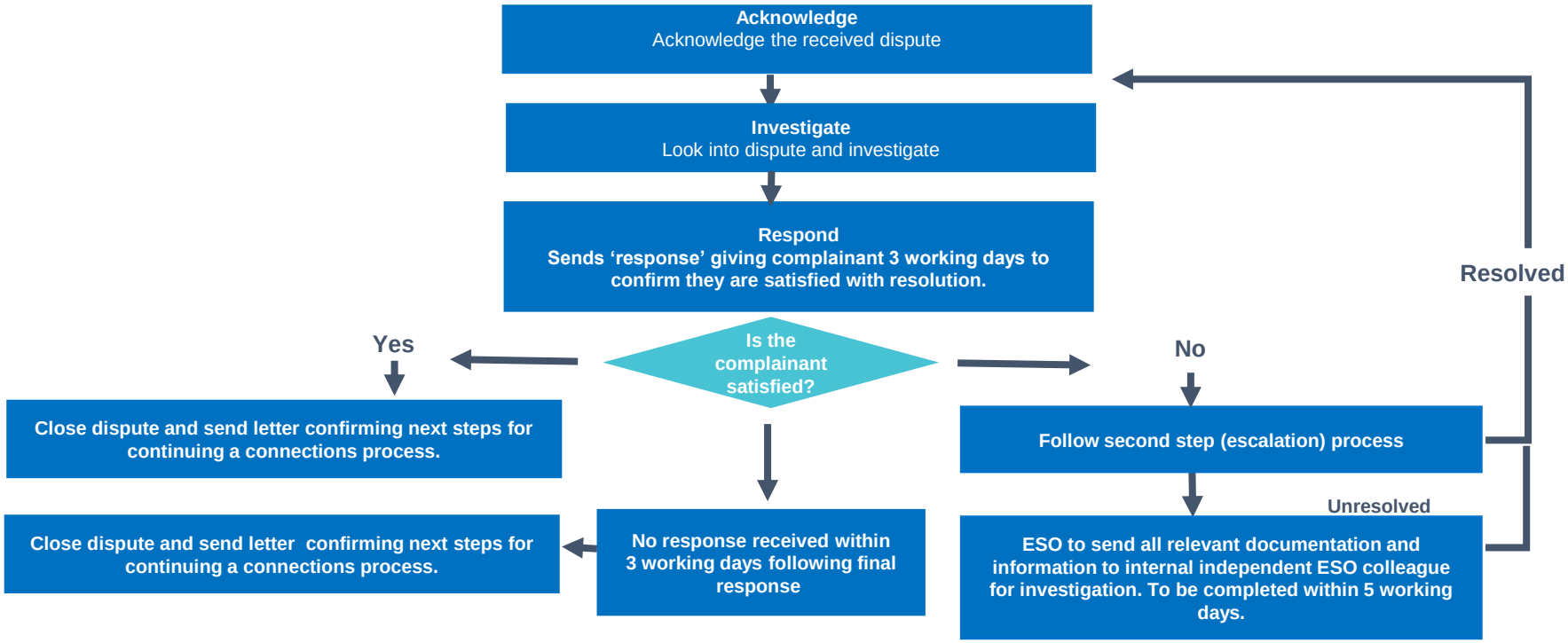
This application will be removed from the process if after window closure. Customer will need to re-apply in the next window.

Proposed Dispute Process Step by Step

Our Proposed Service Level Agreements (SLAs)

- **Within 2 working days (48hrs):** we will acknowledge the dispute.
- **Within 5 working days (Not inc the above 2 working days):** we will investigate and make contact the with our final response.

We would aim to resolve a criteria based dispute promptly and give our decision as soon as possible, but **within 5 working days +2** (unless there is a material reason for extending the timescale). In all cases, we are committed to keeping all relevant parties updated on progress throughout the fast track dispute process.



Second Step Dispute (Escalation) Process

ESO's Position: After considering options, our initial position has changed due to the minimal number of disputes we expect to go through a second step process and the requirement needed for all disputes and any escalations to be handled fast.

We propose the dispute and second step (escalation) processes are dealt with by ESO. The initial dispute process would be investigated by the appropriate teams and the second step process (escalation) would be investigated by an internal independent ESO colleague (outside of connections department). The second step would allow for any applicants unhappy with the original dispute outcome to be reinvestigated quickly.

DISCUSSION POINT: Would this process work for industry?
Is there a necessary requirement for the escalation part of this process to be dealt with externally? If so, who do you think should do so?

Pros to an external escalation route

To discuss

Cons to an external escalation route

May not be resolved quick enough to allow project to stay within its window?

May be additional costs due to an external body investigating escalated disputes?

May cause customer issues around their project timeframes?

DISCUSSION POINT: If an escalated route is external, how do we ensure any escalations are legitimate and appropriate for an external body to investigate?

Could a sum of money (in proportionate to cost incurred to progress an escalated dispute) be taken to cover the cost of the external resource?

Should this sum of money be reimbursed if the dispute was overturned?

Could only certain criteria based disputes be eligible to request an escalation process?

Connection Point and Capacity Reservation Follow-Up (Slide as previously Presented)

Mike Oxenham - SME

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+

Actions and Query Log

Claire Goult – ESO Code Administrator

Action	Workgroup	Owner	Action	Comment	Due by	Status
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
11	WG2	ALL	Add agenda time to respond to papers provided by Workgroup members	Ongoing	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
20	WG6	JN/AQ	Consider legal perspective on NESO designation		TBC	Open
21	WG6	MO	Update/develop slides presented based on Workgroup feedback		TBC	Open
22	WG6	JH	Consider if an impact assessment by the ESO on the proposed solution is achievable within the current timescales		TBC	Open
23	WG7	LH	Clarify the ESO Position as to why the capacity reallocation process is out of scope for CMP434		TBC	Open
24	WG7	MO	Consult ESO legal team to consider using existing legal definitions for clarification (substantial modification) and reconsider terminology being used (material/significant/allowable)		TBC	Open
25	WG7	LH/SG	Update on the Technology Change Policy Paper and consider request to share prior to consultation		TBC	Open
26	WG7	SMEs	Provide a list of policy documents envisaged for TMO4+ and for which details are not within scope of CMP434 (e.g.CNDM). Also provide a list of their contents/principles the documents are using if not available for the WG consultation		TBC	Open

Any Other Business

Claire Goult – ESO Code Administrator

Next Steps

Claire Goult – ESO Code Administrator

Appendix

Guidance on Workgroup Vote and Workgroup Alternative Requests

What is the Alternative Request?

What is an Alternative Request? The formal starting point for a Workgroup Alternative Modification to be developed which can be raised up until the Workgroup Vote.

What do I need to include in my Alternative Request form? The requirements are the same for a Modification Proposal you need to articulate in writing:
- a description (in reasonable but not excessive detail) of the issue or defect which the proposal seeks to address compared to the current proposed solution(s);
- the reasons why the you believe that the proposed alternative request would better facilitate the Applicable Objectives compared with the current proposed solution(s) together with background information;
- where possible, an indication of those parts of the Code which would need amending in order to give effect to (and/or would otherwise be affected by) the proposed alterative request and an indication of the impacts of those amendments or effects; and
- where possible, an indication of the impact of the proposed alterative request on relevant computer systems and processes.

How do Alternative Requests become formal Workgroup Alternative Modifications? The Workgroup will carry out a Vote on Alternatives Requests. If the majority of the Workgroup members or the Workgroup Chair believe the Alternative Request will better facilitate the Applicable Objectives than the current proposed solution(s), the Workgroup will develop it as a Workgroup Alternative Modification.

Who develops the legal text for Workgroup Alternative Modifications? ESO will assist Proposers and Workgroups with the production of draft legal text once a clear solution has been developed to support discussion and understanding of the Workgroup Alternative Modifications.

What is the Alternative Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should become Workgroup Alternative CUSC/ STC Modifications.
- The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.
- **Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC/ STC objectives than the Original then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM)/ STC modification (WASTM)** and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

Stage 2 – Workgroup Vote

- 2a) Assess the original and Workgroup Alternative (if there are any) against the relevant Applicable Objectives compared to the baseline (the current code)
- 2b) Vote on which of the options is best.

Alternate Requests cannot be raised after the Stage 2 – Workgroup Vote