

CMP434 Implementing Connections Reform
CM095 Implementing Connections Reform

Workgroup Meeting 12, 1 July 2024
Online Meeting via Teams

WELCOME



Agenda

Topics to be discussed	Lead
Timeline and Topics Update	Chair
Scene Setting – WG11	Proposer
LOA Phase 2 implications	ESO SMEs
Continued discussion of offshore projects	ESO SMEs
Revisit of Application Window (M1-M3)	ESO SMEs
DFTC Considerations	ESO SMEs
Action Review	ESO SMEs
Query Log Review	Chair
Any Other Business	Chair
Next Steps	Chair

Timeline and Topics

Claire Goult – ESO Code Administrator

WG12 Scene Setting
Joe Henry – ESO Proposer

Meeting Objectives

What is the focus of the meeting?

- Gate 2 Criteria
- LoA Phase 2 – update and implications
- DFTC Governance, Long Term Ambition and BEGAs
- Offshore Projects and LoA Equivalents

What is the ask of the workgroup?

- Consider presentations and input where appropriate

What is the desired output of the meeting?

- Come to shared understanding on matters

What should not be discussed?

- DFTC Submissions
- Topics not explicitly listed for discussion today

Gate 2 Criteria Updates

Paul Mullen - SME

Gate 2 Criteria and Ongoing Compliance Update

Any Option agreement (taking into account any contractual rights to extend the option period or rent free periods) should as a minimum be 3 years. There will be an ongoing requirement for the developer to keep the land under option by seeking further agreements with the landowner until the Completion Date.

Ongoing Compliance – Land (Red Line Boundary Checks) – see further slide

Ongoing Compliance – Planning (period from Gate 2 Offer acceptance to submission of application for planning consent based on planning type)

Note: we will include in the illustrative examples we have previously shared, examples for staged sites (both same technology and different technologies)



Confirms the position we will present as part of CMP434 Workgroup Consultation.

Secured Land: Ongoing Compliance

Our proposal is that for whatever capacity is planned to be (or actually) built within the original red line boundary, only 50% of that number can then be located outside of the original red line boundary. Where this calculation results in a number that is less than the total contracted capacity, the total contracted capacity will be reduced accordingly to a revised total contracted capacity. For example

Example 1

1,000 MW TEC

- Build 500 MW in the Original Red Line Boundary.
- Noting the allowance for 50% on top of what is within the Original Red Line Boundary, that means a maximum of 250 MW (of the 500MW within the Original Red Line Boundary) will be allowed outside the Original Red Line Boundary
- Therefore TEC will be reduced to 750 MW.
- User will need to reapply for the other 250MW

Example 2

▪ 1,000 MW TEC

- Build 667 MW in the Original Red Line Boundary.
- Noting the allowance for 50% on top of what is within the Original Red Line Boundary, that means a maximum of 333 MW (of the 667MW within the Original Red Line Boundary) will be allowed outside the Original Red Line Boundary.
- No TEC Reduction

Example 3

▪ 1,000 MW TEC

- Build 700 MW in the Original Red Line Boundary.
- Noting the allowance for 50% on top of what is within the Original Red Line Boundary, that means a maximum of 300 MW* (of the 700MW within the Original Red Line Boundary) will be allowed outside the Original Red Line Boundary. **The maths suggests 350MW but they only have 300MW of TEC remaining*
- No TEC Reduction

If overall contracted capacity needs to be reduced (e.g. as per Example 1 above) then we would use existing capacity reduction rights under CUSC (introduced by [CAP150](#), but which may need to be amended for this purpose) to reduce capacity to the lower value.

Period from Gate 2 Offer acceptance to submission of application for Planning Consent

Planning Type	Workgroup provided typical timescales	ESO initial views assuming some land and planning work done in parallel
Town and Country Planning (England, Scotland and Wales)	1.5 years	1 year
Section 36 (Scotland)	1.5 years	1 year
Development of National Significance (Wales - akin to NSIP)	2 years	1.5 years
NSIP (need Development Consent Order - England)	3 years (but 5 years for Offshore)	2 years (but 3 years for Offshore)

LOA Phase 2 (LoA & Duplication Checks)

Folashadé Popoola - SME

LoA & Duplication Checks – What we initially proposed

What have we proposed?

- Within the 'Implementing Connections Reform' Code Modification we have included the following in respect of what is referred to as 'LoA Phase 2':
- *'We will explore the extent to which new applications for projects that meet Gate 2 should not have any duplicate sites with any other projects, how this could be demonstrated (including in relation to any other projects) and the consequences for those where there are duplicates. We will also explore if and how this requires changes to the Letter of Authority required for new projects upon application, whether or not they have met the Gate 2 criteria*

How would this be operationalised?

- We would introduce duplication checks at Gate 2 i.e. Customers will only be checked against duplicates when they apply for Gate 2.
- Duplicate check will be against other projects already within the Gate 2 pool.
- This process will apply to both customers already in the contracted background and new customers.
- No retrospective LoA application for projects already within the contracted background.

What is the consequence for those found to be duplicates?

- Projects with duplicate LoAs (so long as they are valid LoAs) will still be able to enter Gate 1.
- Should a duplicate project apply for Gate 2, they will be deemed to have not met the criteria for Gate 2.
- Customer will be required to resubmit a valid LoA to be considered for Gate 2 again

LoA & Duplication Checks Update – Self Declaration Approach

Duplication checks will follow self-declaration approach alongside other Gate 2 criteria (specific element highlighted in yellow below)

Gate 2 Evidence

Self-Certification Approach

- Self-Declaration Letter must be signed by a director and must show:
 - Date achieved Gate 2 Criteria.
 - Red line boundary for site, and confirmed to align with minimum land density requirements.
 - Land status information i.e. whether land already owned or leased (for the operational life of the project), or whether an option agreement in respect of lease or purchase.
 - If not already owned/leased, parameters of length of option agreement in respect of lease or purchase.
 - (If applicable) Parameters of length of lease (and that this or any extension will cover the operational life of the project).
 - Statement that to your best knowledge, no-one else has rights over the land and that it does not overlap in relation to mutual exclusive usage.
 - Upload evidence they have secured Land (as per Queue Management Milestone M3 apart from iv)
- CMP435 only
 - Developers can also identify on this Self-Declaration Letter if they wish to advance current contracted connection date and if so to which connection date, if possible.
 - Not retrospectively applying the option requirements to those who have achieved land options [by the Implementation Date/Date that the CMP435 Proposal was raised] but there will be an ongoing requirement for the developer to keep the land under option by seeking further agreements with the landowner until the Completion Date.

Gate 2 duplication check requirement will apply to both new projects, and those already in the contracted background

Letter of Authority

- Requirement will not be applied retrospectively.
- No LoA duplication checks at Gate 1

ESO propose that a template will be created to facilitate this process and this will be mirrored across Transmission and Distribution and there will be accompanying guidance

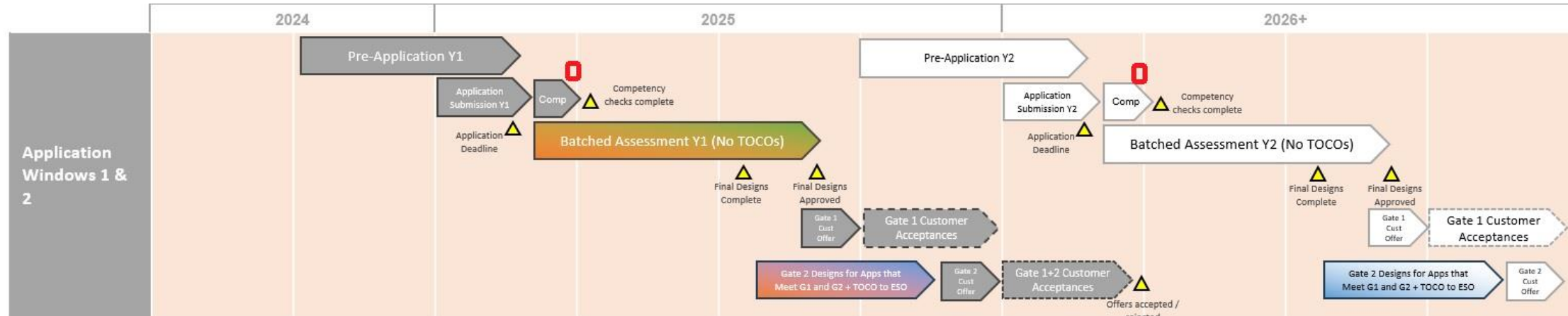


Continued discussion of offshore projects

Dovydas Dyson - SME

Offshore in relation to Capacity Reservation

- Offshore projects may go through some type of co-ordination based on the offshore applications in a relevant batch.
- ESO may then reserve the bays (as noted in the Reservation and NESO Designation Interactions session) and capacity in order to allow for this co-ordinated design to take place.



*Red square indicates when capacity could be reserved in each window.

Implications for Leasing Round Projects and Interconnectors / OHAs

- Developer applies for Gate 1 offer and it is studied on a co-ordinated basis. Capacity is reserved in order to facilitate that co-ordinated design.
- Gate 1 threshold is a LOA Offshore Equivalent from TCE or CES. Gate 1* offer is provided to developer, offer signed.
- Customer has until the end of the longstop date to apply for and sign their Gate 2 offer** which would be provided on the basis of the reserved capacity and design at Gate 1.
- If this is not done, Gate 1 offer is terminated, capacity is released.
- Developer continues to have the right to apply for Gate 1 *and* Gate 2 offer at the same time if already met Gate 2 criteria.

* for IC/OHA's Gate 1 offer would come with a Gate 2 style confirmation of onshore Point of Connection (POC) to avoid circularity of needing Gate 2 to know POC, but needing POC to apply for Gate 2.

**for IC/OHA the Gate 2 criteria relates to land rights for the onshore converter station, for Leasing round projects this relates to proof of seabed lease awarded.

What are your thoughts, considerations and suggestions in relation to the above?

Would the currently proposed 3 year longstop date be sufficient for IC/OHA's or would that need to be amended, if so how many years?

Revisiting Application Window (M1-M3)

Dovydas Dyson - SME

Revisiting Application Window (M1-M3)

Recap

- M1-M2 Application window Open, M3 the remainder of competency checks.
- SLA document needs to be created to detail Developer, TO, ESO obligations in relation to processing and querying of information.
- Views ranged from moving the closure of window from end of M2 to either mid-M2 or end of M1 (to allow for more processing time to try get the highest proportion of applications to competence, noting the previous time challenges) to keeping it to end of M2 to allow for more time for developers to apply.

Consideration

- Assuming current SLA's of 5 business days per entity, it may take a considerable amount of time for information flows to take place between Developer, ESO and TOs during competency checks.
- Noting the anticipated workload, it is prudent to assume 5 business days would not be lowered.
- Developer must submit any information / clarification no later than e.g. 11 business days before end of M3 to allow it to meet competency requirements (assuming this information is final, and there are no additional ESO or TO comments / queries).
- **On that basis ESO proposal is to move the closure of window to new applications from end of M2 to mid M2.**
 - That allows the deadline applicants to still be able to submit information from mid M2 to c. 11 business days from end of M3 in order to facilitate the highest number of applications meeting requirements and entering the batched assessment phase.
- An additional consideration could be whether to reduce the payment terms of application fee invoice from 28 days to 14 days, in order to reduce the risk of the invoice payment being the cause of any applications not progressing to batched assessment.
 - However in light of updated proposal to close window to new application at mid M2, this may not be necessary.

What are your thoughts, considerations and suggestions in relation to both the application window to new applications being closed at mid M2 and also in relation to whether the payment terms of the application fee invoice should remain 28 days or move to 14 days?



DFTC considerations

Alison Price - SME

DFTC – considerations

Governance

We've listened to concerns received around the governance of the proposed ENA DFTC guidance document and

to help inform our thinking in this space, we are proposing to ask consultation questions to address whether:

- An ENA guidance document is needed if the intention is for ESO to produce guidance to support the implementation of CMP434 and CM095?
- If the DFTC submission template should form part of the proposed CUSC changes?

DFTC long-term ambition

The DFTC submission template was designed to be akin to the Week 24 data submission outlined in Grid Code.

The long term intention is to seek to include Embedded Generation within existing Week 24 data submission process. We would be seeking implementation in January 2026.

The DFTC submission being proposed in CMP434 and CM095 is unlikely to be an enduring solution.

DFTC – considerations

BEGAs

Workgroup members have expressed differing views on whether a Relevant Embedded Small/Medium Power Station wanting a BEGA should have to (a) go through the Primary Process at all or (b) apply for a BEGA in the Primary Process at Gate 2.

- We will be asking a question to workgroup members to ascertain views on an appropriate approach.

Actions Review

Claire Goult – ESO Code Administrator

Action	Workgroup	Owner	Action	Due by	Status
3	WG1	JH	Tighten up the language RE: User Commitment Methodology/ Final Sums	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	WG3	N/A
11	WG2	ALL	Add agenda time to respond to papers provided by Workgroup members	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	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	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
27	WG9	AP/KS	Take Workgroup feedback to ENA regarding the name of the DFTC methodology document – consider renaming to provide clarification	TBC	Open
28	WG9	AP/KS	DFTC document – Provide answers to the following questions – Who approves the document, who can change it, who follows it and who can challenge it (the route to challenge specifically) consequence of non compliance?	TBC	Open
29	WG9	MO/AQ	In terms of the 3 year long stop cancellation of sites/capacity provide detail to what element of the CUSC is being referenced and how this is envisaged to work?	TBC	Open
30	WG9	AQ	To explain how the dispute process will fit into the statutory approach (legal route)	TBC	Open
31	WG9	MO	More detail requested by Workgroup to make a judgement on Connection Point and Capacity Reservation (including offshore)	TBC	Open
32	WG9	MO	Clarify TO/ESO in terms of CNDM and what would go into the Gate 1 offer	TBC	Open

Action	Workgroup	Owner	Action	Due by	Status
33	WG10	KS	To clarify, if the ESO decides not to have forward-looking milestones after M1, would DNO's change there's or will they continue to be forward looking for all the others	TBC	Open
34	WG10	PM	Review the four slides to address points from GG (clarity and colouring of text suggestions) and TC to review the dates are correct	TBC	Closed
35	WG10	AC/AQ	ESO to confirm whether additional uncertainty clauses (which have been appearing in offers recently) will remain	TBC	Open
36	WG10	AC/AQ	ESO to consider doing duplication checks on LoAs given info received today on G1 offers, to avoid buying LoAs off each other.	TBC	Open
37	WG10	AC/AQ	To confirm Gate 1 contracts are formal binding contracts and clarify terminology accordingly	TBC	Open
38	WG11	MO	To expand on licence change conditions/obligations	TBC	Open
39	WG11	MO	To share ESO suggested Licensed offer timescales changes from 3 months with the Workgroup	TBC	Open
40	WG11	RF	To share licence changes programme timescales with Workgroup	TBC	Open

Query Log Review

SMEs

Query no.	Date of Query	Related Mod	Sub-Topic	Query from	Query will as much detail as possible	ESO to complete this be covered in future workgroup
119	28/5/24	CMP434	Gate 2 Criteria	Callum Dell (Invenergy)	How will a site with multiple landowners over a project red line boundary submit evidence through an option to lease or similar? Do NGESO/NESO expect to see multiple landowner signatures together on one document with the split of ownership detailed? Or do NGESO/NESO expect to see three duplicate options to lease pertaining to each individual landowner? If each landowner has excess land, can this explicitly be under allowable changes?	
120	28/05/2024	CMP434	Letter of Authority Changes	Helen Snodin	If LoA duplicates are not being checked at Gate 1, has ESO given consideration to creating an incentive for landowners to issue multiple LoAs? If Gate 1 has value (TBC) then developers might pay for an LoA and so landowners actively incentivised to issue multiples of them	
161	7/6/24	CMP434	Gate 2 Criteria	Deborah MacPherson	Can ESO ensure that the guidance on significant changes also includes details of which changes will impact on queue position to make sure it is absolutely clear and not subject to interpretation. Guidance should also align with the guidance in place with DNOs to avoid conflict with approaches to impacted parties	
162	11/6/24	CMP434	Gate 2 Process	Helen Stack	Today's discussion demonstrates the importance of WG members and anyone else responding to the consultation having visibility asap of the ENA DFTC WG papers on DFTC and other DNO roles, e.g. DNO submission of G2 evidence. Can the ESO ensure that this is done soon please? This includes because it's been suggested by ESO and DNOs today that when we see the Guidance we may be reassured that Ofgem approval of the process doesn't need to be codified.	
165	13/06/24	CMP434	Gate 1 Criteria	Rob Smith - Enso Energy	The argument made for not allowing applicants to enter straight into Gate 2 was that the ESO/TO's needed to use the Gate 1 offers to inform any relevant anticipatory investment. By extension this meant the value of capacity declared in Gate 1 could not increase for Gate 2. However the value of DFTC capacity declared at Gate 1 can increase in capacity size in the aggregate DNO applicant submissions made at Gate 2 - Does this not distort the validity of the gate 1 submission argument that the ESO/TO needs a good view at Gate 1 to inform investment.	
168	20/06/2024	CMP434/CMP435	Information Provision	Deborah MacPherson	Given the increased focus for more information to be available ahead of application and to better inform the development of projects. Will the ESO be committing to publication of the Gate 2 Queue and also a form of Gate 1 queue - noting that no queue position will be granted for a Gate 1 offer?	
169	20/06/24	CMP434/ CMP435	Gate 1 Offer Content	Alex Ikonic (Orsted)	Can ESO clarify why CMP435 has led to Gate 1 offers having to be purely indicative rather than providing backstop date as was proposed under TMO4?	
171	25/06/24	CMP434/ CMP435	Gate 2 Process	Rob Smith - Enso Energy	Hi : I thought in WG 11 I understood this point but statements from subsequent members has mean confused again so wonder if you could clarify. I have a project that has successfully completed Gate 2 (e.g BESS) and I am applying for planning. I subsequently want to add PV to the site (I don't want to change TEC). Is this a ModdApp that can be entered directly into the next G2 Batch process or does that additional technology need to go through Gate 1 first? I appreciate that the additional technology capacity will have separate milestones and will need to have required land option when it applies for gate 2.	

Any Other Business
Claire Goult – ESO Code Administrator

Next Steps

Claire Goult – ESO Code Administrator