

CMP435 & CM096

Application of Gate 2 Criteria to existing contracted background

Workgroup Meeting 10, 10 July 2024
Online Meeting via Teams

WELCOME



Agenda

Topics to be discussed	Lead
Introductions	Chair
Timeline and Topics	Chair
Terms of Reference	Chair
<ul style="list-style-type: none"> • Update: Gate 2 Criteria • Transitional Arrangements Update • Approach to amending existing contracts to Gate 1 and Gate 2 contracts, and the disapplication of User Commitment / Final Sums and Queue Management Milestones for Gate 1 Projects • CUSC / STC Legal Text • End to End Solution Walk Through 	Proposer, SME
Action Review	Chair
Any Other Business	Chair
Next Steps	Chair

Timeline and Topics

Catia Gomes – ESO Code Administrator

Terms of Reference

Catia Gomes – ESO Code Administrator

Terms of reference – CMP435 (agreed by May Panel)

Workgroup Term of Reference

- a) Consider Electricity Balancing Regulation implications.
- b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.
- c) Consider what types of existing contracts that CMP435 should apply to, and what exemptions are required (if any).
- d) Consider changes to the contractual arrangements for those existing contracted parties that have not met the Gate 2 criteria by the Go-Live Date of 1 January 2025.
- e) Review the transitional arrangements in relation to changes to the contractual arrangements and any associated costs.
- f) Consider the application of the User Commitment methodology to projects in Gate 1 and Gate 2 and the transitional arrangements that may be required for existing connections contracts.
- g) Consider how any new financial instruments associated with connections are cost reflective and predictable.
- h) Consider how the solution(s) conforms with the statutory rights in respect of terms and conditions for connection.
- i) Consider the impact of NESO designation of Gate 2 status, and ways to make this non-discriminatory.
- j) The cross Code impacts this modification has, in particular the STC and distribution arrangements (e.g. DCUSA)
- k) Consider the relevant content of Annex B of the Ofgem [Open letter on connections reform publication](#).

Terms of reference – CM096 (agreed by May Panel)

Workgroup Term of Reference

- a) Consider Electricity Balancing Regulation implications.
- b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.
- c) Consider what types of existing contracts that CM096 should apply to, and what exemptions are required (if any).
- d) Consider changes to the contractual arrangements for those existing contracted parties that have not met the Gate 2 criteria by the Go-Live Date of 1 January 2025.
- e) Review the transitional arrangements in relation to changes to the contractual arrangements and any associated costs.
- f) Consider the application of the User Commitment methodology to projects in Gate 1 and Gate 2 and the transitional arrangements that may be required for existing connections contracts.
- g) Consider how any new financial instruments associated with connections are cost reflective and predictable.
- h) Consider how the solution(s) conform(s) with the statutory rights in respect of terms and conditions for connection.
- i) Consider the impact of NESO designation of Gate 2 status, and ways to make this non-discriminatory.
- j) The cross Code impacts this modification has, in particular the CUSC and distribution arrangements (e.g. DCUSA).
- k) Consider the relevant content of Annex B of the Ofgem [Open letter on connections reform publication](#).

Update: Gate 2 Criteria
Paul Mullen– ESO

Gate 2 Criteria – CMP435 vs CMP434 difference

Under CMP434, any Option agreement (taking into account rent free periods – *note we need to consider extension periods but should be outside the minimum period*) 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.

For those existing agreements under CMP435, we note that developers will have entered into options, which would not necessarily meet the minimum length requirements so we have included a number of possible solutions (see next slide) to address this and have added our thoughts and preferred solution.

Gate 2 Criteria – CMP435 vs CMP434 difference

Possible solution	Thoughts
Options for existing agreements under the scope of CMP435 need to meet CMP434 requirements from date we raised Modification – <i>note that options already agreed before this date will need a minimum option length</i>	Difficult to make a coherent case for asking someone to re-negotiate an option with a minimum length when such minimum length wasn't known or more than a consideration for our proposed solution – not taking forward
Options for existing agreements under the scope of CMP435 need to meet CMP434 requirements from date we publish CMP435 Workgroup Consultation – <i>note that options already agreed before this date will need a minimum option length</i>	Although it may be unclear until this time exactly what option minimum length is approved (if any), we argue it is clear from now at least to the Workgroup that we are proposing a 3 year minimum option length. Although there is an argument that developers should be working to that requirement from this date and this provides developers with the maximum time to meet this requirement, this may be the first time the wider industry are aware – not taking forward
Options for existing agreements under the scope of CMP435 need to meet CMP434 requirements from date we publish CMP435 Workgroup Report – <i>note that options already agreed before this date will need a minimum option length</i>	Although it may be unclear until this time exactly what option minimum length is approved, It will be more clear at this stage (as solutions are locked down) what the proposed option minimum length is. Therefore, we think it is reasonable that developers should be working to that minimum option length and also provides developers with more time to meet this requirement – preferred solution
Options for existing agreements under the scope of CMP435 need to meet CMP434 requirements from Ofgem Decision Date – <i>note that options already agreed before this date will need a minimum option length</i>	Although it may be unclear until this time exactly what option minimum length is approved (if any), we argue it is clear at this stage what the proposed option minimum length is. Therefore, it is reasonable that developers should be working to that requirement but arguably could also incentivise a rush for developers to wait and negotiate short period options to avoid having to meet the option minimum length – not taking forward
Options for existing agreements under the scope of CMP435 need to meet CMP434 requirements from Implementation Date – <i>note that options already agreed before this date will need a minimum option length</i>	It will be clear at this stage what option minimum length is required but creates a rush between Ofgem Decision Date and Implementation Date for developers to negotiate short period options to avoid having to meet the option minimum length - not taking forward
Time period from acceptance of Gate 2 Offer to “upgrading” Option to meet 3 year Minimum Period	There was talk at Workgroup of a 12 or 18 month rectification period and can see merit in bringing this into line with CMP434 requirements. However, wouldn't propose to apply this to a project which has progressed to Milestone M1 or beyond. However, we don't think this is necessary and difficult to establish what a suitable rectification period is - not taking forward
No minimum length	Ongoing land compliance requirements could suffice and requirement for a developer to keep the land under option by seeking further agreements with the landowner until the Completion Date. Therefore, there is merit in considering no need for a minimum length but concern that Gate 2 is not sufficiently robust as evidence of project viability - not taking forward



Note our preferred solution for CMP435. Do you have any comments?

Transitional Arrangements Update

Alex Curtis – ESO

Transitional Arrangements

Target is 1st August for any new applications clock starting that want a Transmission connection to be a Transitional (Gate 1) type offer

Modifications and Project Progressions will be covered under a separate letter to Ofgem, due to the increased complexity and impact to both customer and TOs

A cutover period will be put in place between the proposed Transitional process and Reform

BEGA's and BELLA's will be picked up by part two of transitional arrangements due to the links to the project progression process

Transitional Offers will not include Queue Management, securities or works

All subject to approval from Ofgem

Approach to amending existing contracts to Gate 1 and Gate 2 contracts, and the disapplication of User Commitment / Final Sums and Queue Management Milestones for Gate 1 Projects

Alex Curtis - ESO

Process to change existing agreements

Not applied for Gate 2 -> will be Gate 1

- Customer does not self-declare (or submit evidence that they meet Gate 2)
- Customer notified they do not meet Gate 2
- Changes to be implemented through generic provisions in CUSC, including adding in a Longstop date
- Securities returned

Apply for Gate 2, no advancement requested

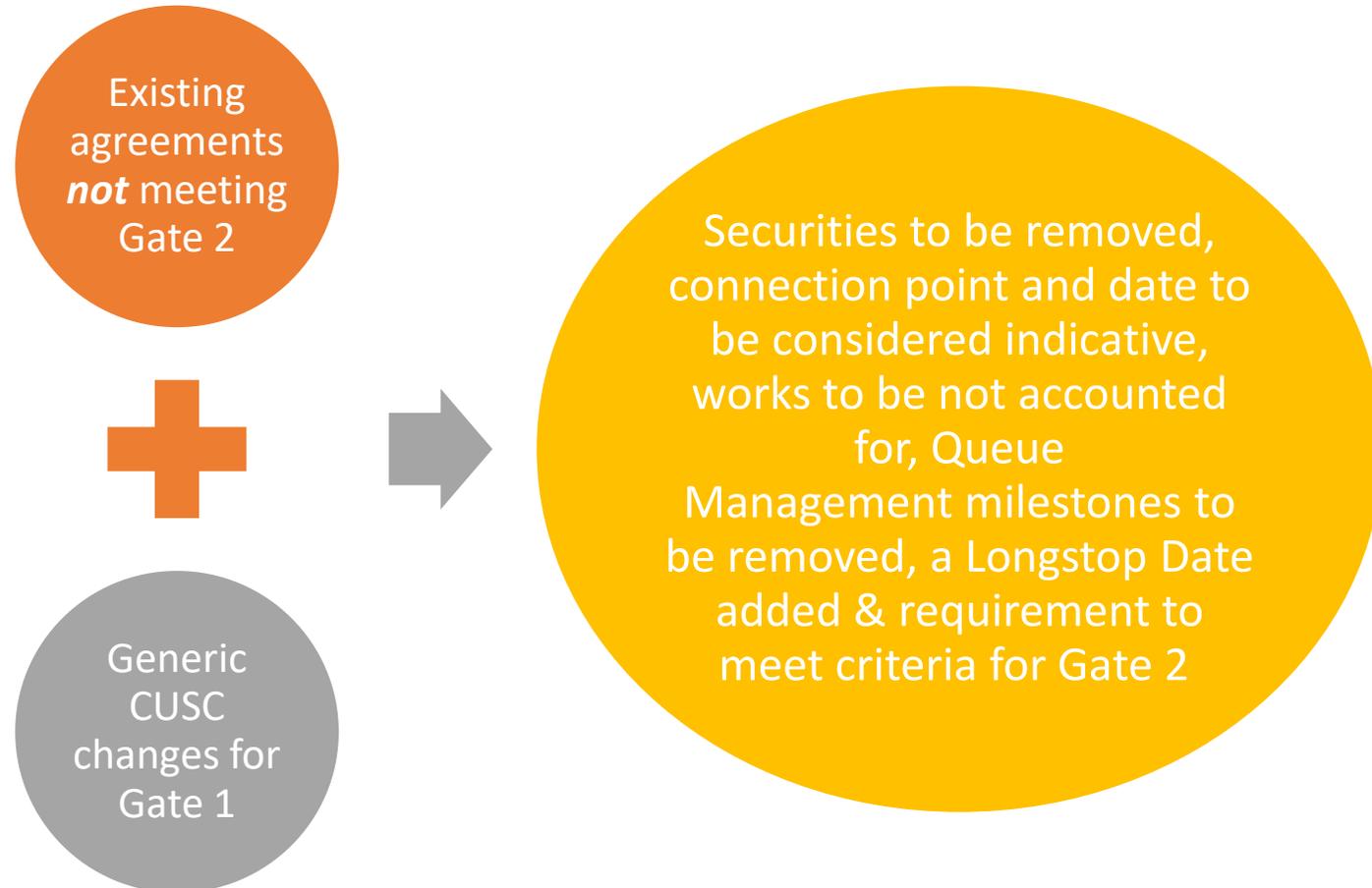
- Customer self-declares (+ submit evidence that they do meet Gate 2)
- No application fee
- Customer notified they meet Gate 2
- If meet Gate 2 criteria, same programme, works, location, liabilities but includes Gate 2 ongoing compliance requirements re: land and planning added.

Apply for Gate 2, advancement requested

- Customer self-declares (+ submit evidence that they meet Gate 2) and seeks advancement with minimum advancement request of 1 year
- Customer notified they meet Gate 2
- If meet Gate 2 criteria, treated as a Modification Application – application fee payable
- Modification Offer provided if advancement can be accommodated.

Note that the intention is for distribution connected developers to be treated in a similar manner to transmission. Therefore while the process may differ if the developer is connecting through an DNO/IDNO, the principles are the same.

Moving from existing contract to Gate 1



From existing contract to Gate 2



* Unless advancement is requested, which might change programme, works, or securities

Contract implications from CUSC implementation to categorisation

From Implementation of CMP435 to categorisation as Gate 1 or Gate 2 Agreements

Until existing agreements have been deemed to be at Gate 1 or Gate 2 (and the agreements are updated accordingly), the existing agreements are still live, as today, in terms of payments, liabilities, securities and milestone progression.

Gate 2 not met

Where an existing agreement does not meet Gate 2, the agreement will be impacted by the code changes that will remove all current rights and obligations (until Gate 2 is met and a Gate 2 process is followed to provide a connection date and connection point).

Transitional Agreements

A transitional agreement is expected to be the same as the proposed Gate 1 agreement, so if a transitional project meets the Gate 2 criteria an updated Gate 2 offer will be issued in the Gate 2 to Whole Queue process, as unlike an existing signed offer, the transitional offer/agreement does not confirm a connection date or connection point.

Existing agreements which are categorised as Gate 1 – consequences?

Existing Agreement

- Change to Gate 1 will be made through a **code** variation
- Appendices to become void, existing rights and obligations will be removed until Gate 2
- No liability, but an indicative connection date and connection point as per existing agreement

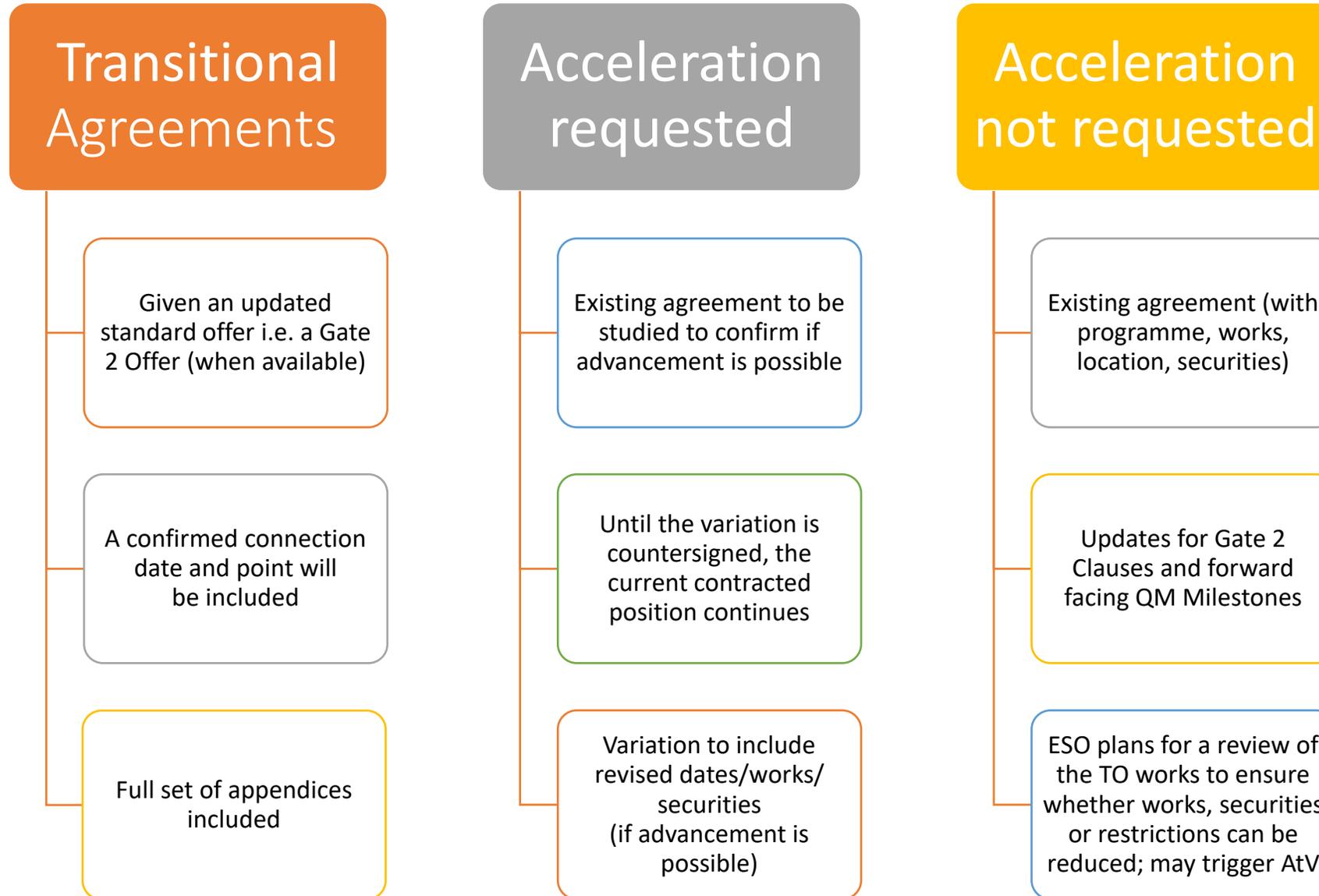
Gate 1 until...

- Gate 2 criteria is met and customer Self-Certifies, and goes through a Gate 2 process
- Termination

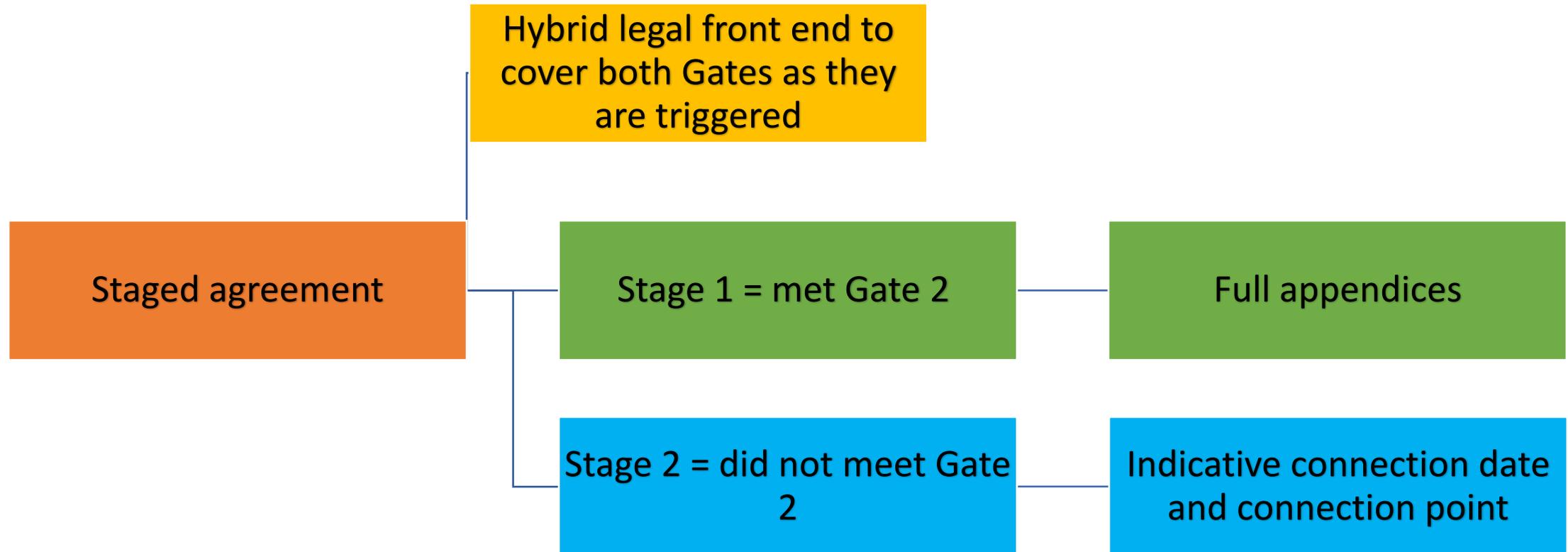
Termination

- No liabilities on termination
- Triggered by customer termination or Long Stop being triggered

Existing Agreements which have met Gate 2



Staged Agreements – Project stages at different Gates



CUSC/STC Legal Text
Alice Taylor - Proposer

CUSC Legal Text

CUSC section	Summary of proposed changes
New or 10 (Could either be in sec 10 (which is an existing placeholder for transition) or housed as a discrete section within the new CUSC section which will be introduced for the 434 processes)	Arrangements for current contracted connections that do not meet Gate 2 at the go-live date and what happens with projects which do meet Gate 2 at the go-live date and associated transitional arrangements e.g. in relation to assessment and confirmation of status

STC/STCP Legal Text

STC(P) section	Summary of proposed changes
Section I - Transition	Codifying the arrangements to reflect the CUSC transition of existing agreements into Gate 1 and Gate 2.

End to End Solution

Alice Taylor - Proposer

Clarification of Projects in Scope

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	CMP435
<ul style="list-style-type: none"> • Directly Connected Generation • Directly Connected Interconnectors and Offshore Hybrid Assets • Directly Connected Demand • Large Embedded Generators <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ 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) 	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)	N/A

Element	Same as CMP434	Differences to CMP434	Reference for additional content
Ofgem Approved Methodologies	X		Slide 45
NESO Designation	X*		Slide 27, 45
Connection Network Design Methodology (CNDM)	X*		Slide 27, 46
Connection Point and Capacity Reservation	X*		Slide 27, 47
Offshore Projects	X*		Slide 28
Gate 2 Evidence Criteria (options agreement)		X	Slide 29
Gate 2 Evidence Assessment	X*		Slide 30, 31
Gate 2 Criteria: ongoing compliance (planning & land)	X		Slide 48, 49, 50
Gate 2 Offer and Project Site location change	X*		Slide 33
Gate 2 Offer Process for Relevant EG	X		Slide 51
Longstop Date	X*		Slide 32
Gate 1 and Gate 2 Offers – covered in the WG today	X*		

***Whilst we are not proposing any differences from 434, there are details that are specific in the application of this element to existing projects.**

Unique to CMP435: Gate 2 to whole queue process, Contractual changes and Cut Over arrangements.
Transitional arrangements are also unique (but to provide context as out of scope).

NESO Designation, Connection Point and Capacity Reservation and CNDM

Element	Same as CMP434	Differences to CMP434
NESO Designation	X*	
CNDM	X*	
Connection Point and Capacity Reservation	X*	

As per CMP434, the concepts of NESO Designation, Connection Point and Capacity Reservation and CNDM are the same (appendix slides 45,46,47). However, it is the application of these concepts in practice that are slightly different for CMP435:

- Under all these elements, there will be a one-off assessment of those in scope projects within the existing connections queue against the defined methodologies.
 1. There will be the ability to enable NESO to designate specific projects in line with the specific criteria (as per CMP434) within the Gate 2 to Whole Queue process.
 2. There will be the ability to enable ESO/NESO to reserve connection points and capacity in specific circumstances (as per CMP434) within the Gate 2 to Whole Queue process.
 3. The CNDM will set out how the network design process will work in respect to the Gate 2 to Whole Queue process (as a one-off design exercise, as a result of the contracted background being apportioned into those who have met Gate 2 and those who have not met Gate 2).

Offshore Projects

As per CMP434:

- In relation to meeting the Gate 2 criteria, for offshore projects the relevant land rights associated with Gate 2 would be provided by The Crown Estate and/or Crown Estate Scotland (as relevant) in relation to the seabed. For interconnectors and offshore hybrid assets the relevant land rights would be in relation to the onshore converter station and be provided by the relevant onshore landowner(s).
- Additionally, due to circularity created by the above, for interconnectors and offshore hybrid assets, we are proposing that the Gate 1 Offer confirms a connection point (noting that the NESO would need to temporarily reserve the economic, efficient and co-ordinated connection point at Gate 1 (and the associated capacity) for such projects), but that this is only formally allocated to the developer in the event that they meet the Gate 2 criteria within a set period of time i.e. by the proposed longstop date.
- It is also worth noting that co-ordinated offshore network design integrity may also be more generally maintained in relation to offshore projects via these Connection Point and Capacity Reservation proposals.
- Non-GB assets connecting to the GB transmission system will be treated in accordance with their regulatory classification.
- Within the scope of these changes, we are no longer proposing changes to more formally integrate both The Crown Estate and Crown Estate Scotland into the connection application process, which we now intend to propose separately at a later date.

Element	Same as CMP434	Differences to CMP434
Offshore Projects	X*	

CMP435:

- The focus is on reserving connection points and capacity of the interconnectors and OHAs in the contracted background which have not met Gate 2 (subject to the longstop date) and on reserving the same where needed to maintain the design integrity of the HND/HNDFUE within the Gate 2 to Whole Queue process.

Setting out the criteria for demonstrating Gate 2 has been achieved

Element	Same as CMP434	Differences to CMP434
Gate 2 Evidence Criteria (options agreement)		X

As per CMP434:

Proposal - Incorporate necessary amendments of M1 and M3 Queue Management Milestones.

Gate 2 Criteria:

- Developers to have secured land rights/lease or be land owner on site where land is located. Exclusivity agreement not sufficient. This would have to relate to 100% of the land to meet M3 milestone. This would be calculated using the CMP427 Energy Density table.
- Developers would also need to have provided redline boundary, with any option agreement period being a minimum of three years. Developed would have to keep land under option by seeking further agreements with Landowner until completion date.
- Any Option Agreement is accompanied by a lease or purchase agreement, which must reflect typical minimum operational timelines – suggested a minimum of [20] years from the date of exercise of the option.
- Or, evidence of existing ownership, or existing land lease with a remaining term of minimum of [20] years from the submission of Gate 2 evidence.
- No exemption for developers who need to obtain land via compulsory purchase order powers.

CMP435:

- Not retrospectively applying the option requirements to those who have achieved land options by date Workgroup Report is published but there will still be an ongoing requirement for the developer to keep their land under option by seeking further agreements with the landowner until the Completion Date.

Gate 2 Criteria Evidence Assessment (1)

Element	Same as CMP434	Differences to CMP434
Gate 2 Evidence Assessment	X*	

As per CMP434:

ESO to produce a template for self declaration letters (signed by director) which will include:

- 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.
- Statement that, you are not applying for both transmission and distribution with the same land.
- Upload evidence they have secured Land (as per Queue Management Milestone M3, apart from iv).

Gate 2 Criteria Evidence Assessment (2)

Element	Same as CMP434	Differences to CMP434
Gate 2 Evidence Assessment	X*	

- ESO (or DNO/IDNO for relevant small or medium embedded generators) to undertake checks to prove signatory is a director. Equivalent checks will be carried out if applicant is not a company.
- In addition, the ESO or DNO/IDNO will check that all the statements (rather than the underlying evidence) set out in Self-Certifications meet the Gate 2 criteria. However, we will also sample check (% to be defined by ESO/DNO) evidence of secured land rights including duplication checks (the extent to which new applications for projects that meet Gate 2 should not have any duplicate sites with any other projects that are already within the Gate 2 project pool).

CMP435:

- 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.
- LOA requirement will not be applied retrospectively to those existing (in-scope) projects in the current queue who have not met Gate 2.

Element	Same as CMP434	Differences to CMP434
Longstop Date	X*	

Longstop Date Proposals

As per CMP434:

- Proposed Longstop Date of 3 years between Gate 1 offer acceptance and Gate 2 offer acceptance (forward calculated).
- ESO discretion to extend (or DNO/IDNO where relevant EG).
- If Gate 2 offer not accepted in timescale (and no extension) then contract will be terminated.
- Applies to all directly connected generation, interconnectors (and offshore hybrid assets) and demand projects, as well as large, medium and small embedded generation projects i.e. it applies to the in-scope projects as described in Slide 25.

CMP435:

- We propose that the longstop date is not backdated for existing projects i.e. the longstop date would apply/commence from the point at which the existing contract becomes akin to a Gate 1 contract and is therefore deemed to have been accepted.

Gate 2 Offer and Project Site location change

As per CMP434:

- 12 month period from Gate 2 acceptance where project would be able to change location to move closer to connection point provided Gate 2 criteria can be met at new location within said offer period with no impact to queue position.
- Onus on developer to notify ESO in reasonable period of time prior to Gate 2 offer acceptance.
- If the developer achieved the Gate 2 Criteria at the new project site location and then clock started a Modification Application within the allowed 12-month period the developer could then retain their queue position, connection point and connection date (which in some cases may need to be adjusted backwards to account for the time interval) and if not then the developer would revert to a Gate 1 position and lose their queue position.

CMP435:

- This element is only relevant to transitional / holding offers (where the contracted connection point is indicative) and (in respect of transitional offers) this is contingent on the derogation from Ofgem. This site location change option is not felt to be applicable to projects in the contracted background which have met Gate 2, whether or not advancement is requested/provided.

Element	Same as CMP434	Differences to CMP434
Gate 2 Offer and Project Site Location	X*	

Elements discussed at WG but not included in proposal for CMP435

Application Fees:

- Whilst we have shared our views on where an application fee will or will not be payable in respect of the Gate 2 to Whole Queue process, we are not proposing any specific code changes in respect of application fees.

Capital Contributions:

- Whilst we have shared our views on where future action may or may not be required in respect of capital contributions and the Gate 2 to Whole Queue process, we are not proposing any specific code changes in respect of capital contributions.

Project Development Costs:

- In respect of any project development costs incurred by developers prior to go-live, we are not proposing any code changes to reimburse or compensate in the event that projects have not met Gate 2 and are therefore moved to have an indicative connection point and connection date.

Action Review

Catia Gomes – ESO Code Administrator

2	WG1	AT	Document that charging and user commitments will be out of scope for CMP435		N/A	Open
12	WG2 (amended LH/AC post WG4)		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	Propose to close
16	WG2	LH	Look into securities for offers	To be referenced in WG6 - update TBC	June 2024	Propose to close
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	To be covered in WG10	WG6	Open
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

34	WG5	Code Gov, Proposers, SME	Assess the agenda for 16 July (considering time needed to review consultation responses)		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
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 Working days after Authority decision?)		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 (NESO Designation Methodology, CND Methodology and Gate 2 Criteria Methodologies)		Ongoing	Propose to close
49	WG7	RP	To provide feedback gathered from Friday 21 June meeting with DNOs on distribution mirroring the low level dispute process proposed in CMP435/CM096	This item was deprioritised at the call on the 21st June. Expectation is to discuss on the 28th June at Baringa workshop	Ongoing	Open

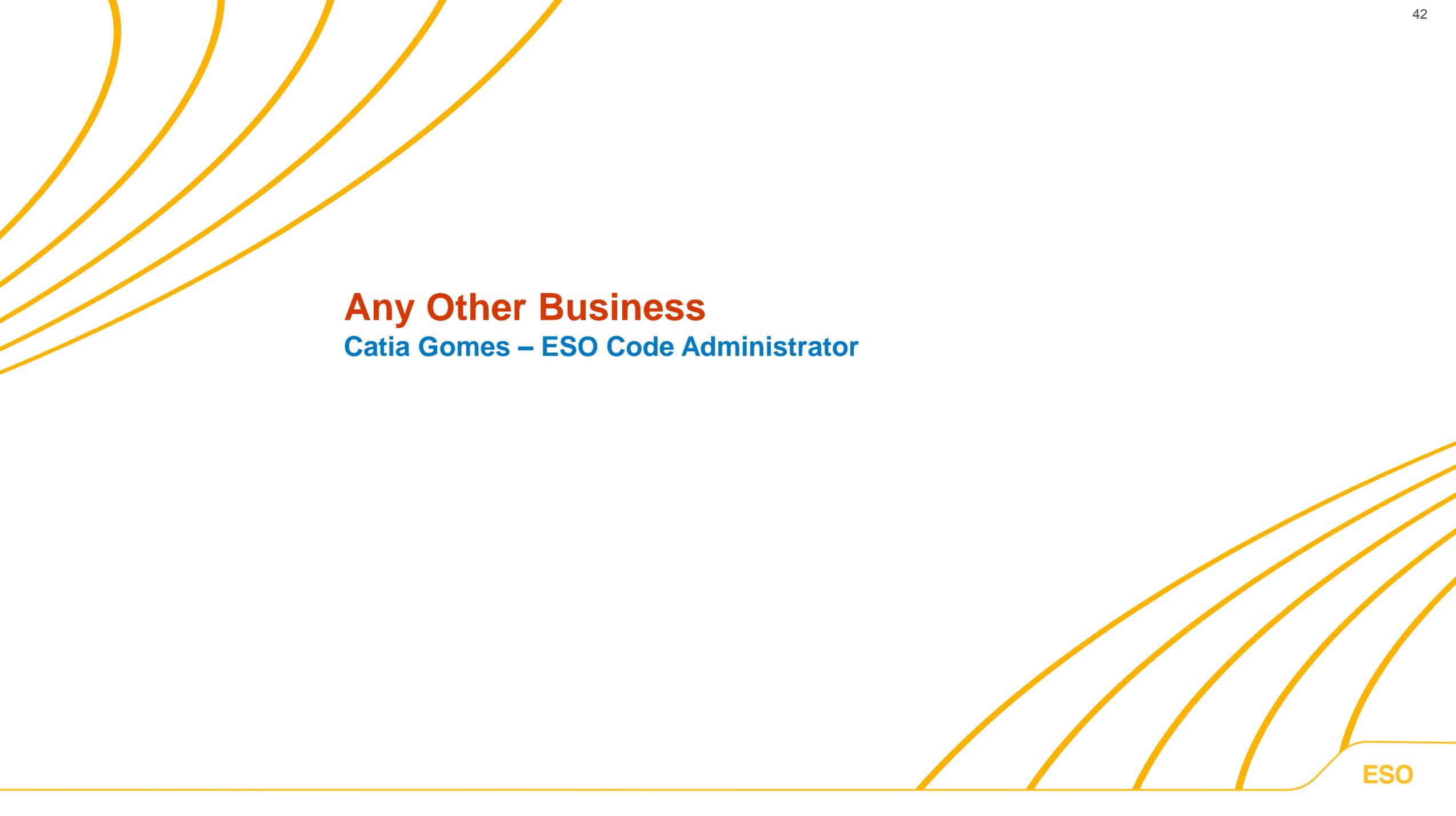
51	WG7	ESO Connections Team	To update on guidance on transitional arrangements for staged projects	To be covered in WG10	WG8	Open
55	WG8	PM	Forward looking milestones illustrative examples for staged offers (same and different technologies).		5 th July	Open
56	WG8	MO	Clarification with legal regarding guidance and introduction of any new obligations.		Ongoing	Open
57	WG8	MO	ESO set out the processes and timing for determining liability and security for April 2025 and October 2025.		Ongoing	Open
59	WG8	MO	Provide WG with the list of documents outside the mod, the principles for guidance docs and timelines for the development of methodology documents.		Ongoing	Open
60	WG8	RP	(Replacement for action 35) Provide relevant updates from SCG		Ongoing	Open
61	WG8	PM	Amendments to action 52) ESO to confirm intention for % evidence checks vs 100% checks for CMP376.		WG10	Open
62	WG8	PM	ESO to enquire with Ofgem about them setting % evidence check level.		Ongoing	Open
63	WG9	HM	Consideration of 'dispute' process being renamed to avoid confusion with the formal CUSC process (e.g. disagreement process)		Ongoing	Propose to close

64	WG9	FS	Reference term for 'land rights' document to avoid confusion with LOA	Ongoing	Propose to close
65	WG9	FS	ESO to look into the data checks between D + T by ESO (data transfer) for criteria/duplication	Ongoing	Open
66	WG9	PM	Self cert letter to ask for explicit declaration if applying for Gate 2 via Distribution and Transmission routes (re duplication checks)	Ongoing	Open
67	WG9	SA	SA to email FS and PM with scenarios for multiple technologies used on an area of land	Ongoing	Propose to close
68	WG9	FS/PM	Clarification of what ESO mean by Red Line Boundary in the solution	Ongoing	Propose to close
69	WG9	AT	Clarification as to what CNDM is in the query log re: action 89	Ongoing	Propose to close

70	WG9	PM	Clarification on what dates will determine queue position	Ongoing	Open
71	WG9	DD	ESO to consider identifying projects intended to benefit from Offshore Capacity Reservation in the context of CMP435	Ongoing	Open
72	WG9	RM/JH	Workgroup request appendix/annex re: transmission connection queue – how many projects impacts re diff tech and dates + information on the RFI for the consultation (majority/minority party)	Ongoing	Open

Next Steps

Catia Gomes – ESO Code Administrator



Any Other Business

Catia Gomes – ESO Code Administrator

Appendix 1

CMP434 Relevant content from the end to end solution slides for CMP435

Element	Same as CMP434	Differences to CMP434
Ofgem approved methodologies	X	

Ofgem approved methodologies

Ofgem Approved Methodologies	Process for Consultations and Approvals
<ul style="list-style-type: none"> - The associated concept (which is subject to the methodology) being lightly codified i.e. a broad definition of the concept and its purpose being set out within the licence (with reference to it in the code). - A licence obligation to develop, consult on, publish and comply with a methodology. - A requirement for Ofgem approval of a methodology, and any material amendments to a methodology in future. - Methodologies proposed for NESO Designation, Gate 2 Criteria and Connections Network Design. 	<ul style="list-style-type: none"> - A formal minimum of <u>28 calendar days</u> 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 <u>within 14 calendar days</u> of the consultation close. - A formal period of <u>28 calendar days</u> 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 changes to it 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).

The above is subject to ongoing discussions with Ofgem and it would require changes to Licence Conditions.

Element	Same as CMP434	Differences to CMP434
NESO Designation	X*	

NESO Designation

We propose to create a concept and an associated methodology (to be approved by Ofgem) that would enable NESO to designate specific projects in line with specific criteria. It is proposed that the three criteria would be as follows:

- a) are critical to Security of Supply; and/or
- b) are critical to system operation; and/or
- c) materially reduce system / network constraints.

We are proposing that only the concept of NESO designation is included within the CUSC, with criteria and methodology to be published separately and approved by Ofgem (subject to Ofgem making relevant changes to the ESO licence, including any expectations Ofgem sets around consultation and/or periodic update, as further described in Element 1 above).

Element	Same as CMP434	Differences to CMP434
CNDM	X*	

Introducing a Connections Network Design Methodology

ESO propose the development of a new ESO/TO Connections Network Design Methodology, to set out how connections network design will be undertaken in relation to Gate 1 and Gate 2 processes.

New Connections Network Design Methodology (and so its contents) would not be codified (other than at a high-level to set out the relevance in the context of the process). This is on the basis/assumption that Ofgem introduce a licence obligation for ESO/TOs to have one in place, and that Ofgem also set out in licence the consultation, governance and approvals process(es) in relation to such methodology.

Element	Same as CMP434	Differences to CMP434
Connection Point and Capacity Reservation	X*	

Connection Point and Capacity Reservation

Proposal to extend existing STCP bay reservation process utilised by Network Services Procurement.

We propose to extend the concept to cover connection points (i.e. which may not necessarily be a bay) and capacity, and to extend the potential usage to include network competition (i.e. in relation to CATOs) and offshore projects in some circumstances.

For the avoidance of doubt, an offshore project in respect of co-ordinated network design, or a developer in respect of Network Services Procurement, will still need to follow the Gate 1 and Gate 2 processes once the outcome of a competition/lease is known.

In addition, in respect of the offshore process deviation for interconnectors and offshore hybrid assets described further above, this process would be used to reserve a connection point and capacity for such projects for a limited time.

Setting out the criteria for demonstrating Gate 2 has been achieved and setting out the obligations imposed once Gate 2 has been achieved (1)

Gate 2 – Ongoing Compliance

Element	Same as CMP434	Differences to CMP434
Gate 2 Criteria: ongoing compliance (planning & land)	X	

Once a project is within Gate 2 (i.e. once they have applied for / signed an accepted gate 2 offer):

- there will be ongoing land requirements; and
- there will be a requirement to submit the application for planning consent at the earliest of:
 - i. the Queue Management Milestone M1 (“M1”) calculated back from the connection date (as per current [CMP376](#) methodology); or
 - ii. M1 calculated forwards (based on a standard time period for each planning type) to move from acceptance of the Gate 2 Offer to M1.

Setting out the criteria for demonstrating Gate 2 has been achieved and setting out the obligations imposed once Gate 2 has been achieved (2)

Ongoing Compliance (Land):

- At each Queue Management Milestone, developers have sufficient acreage (calculated using the Energy Density Table as defined under [CMP427](#) and contained in [the ESO guidance document on Letter of Authority](#), as updated to include offshore projects) of land rights and/or consents for the full capacity of all technologies in the Connection Agreement and use existing rights under CUSC (introduced by CAP150, but which may need to be amended) to remove and/or reduce the capacity of those technologies; and
- Where a developer builds any capacity outside of their original red line boundary (i.e. the red line boundary submitted when certifying the project has met the Gate 2 criteria), there is the potential that this will impact on their total contracted capacity, depending on how much of the capacity remains within the original red line boundary. This will be calculated by reference to the capacity built within the original red line boundary. Our proposal is that for whatever capacity is 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.

Element	Same as CMP434	Differences to CMP434
Gate 2 Criteria: ongoing compliance (planning & land)	X	

Element	Same as CMP434	Differences to CMP434
Gate 2 Criteria: ongoing compliance (planning & land)	X	

Setting out the criteria for demonstrating Gate 2 has been achieved and setting out the obligations imposed once Gate 2 has been achieved (3)

Ongoing Compliance (Planning):

A requirement to submit the application for planning consent (M1) at the earliest of:

- i. the Queue Management Milestone M1 (“M1”) calculated back from the connection date (as per current CMP376 methodology); or
- ii. M1 calculated forwards (based on a standard time period for each planning type) to move from acceptance of the Gate 2 Offer to M1.

ESO proposals (and WG provided typical timescales):

Planning Type	Workgroup provided typical timescales	ESO proposals 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 (but 3 years for Offshore)
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)

Element	Same as CMP434	Differences to CMP434
Gate 2 Offer Process for Relevant EG	X	

Gate 2 Offer Process (Relevant EG)

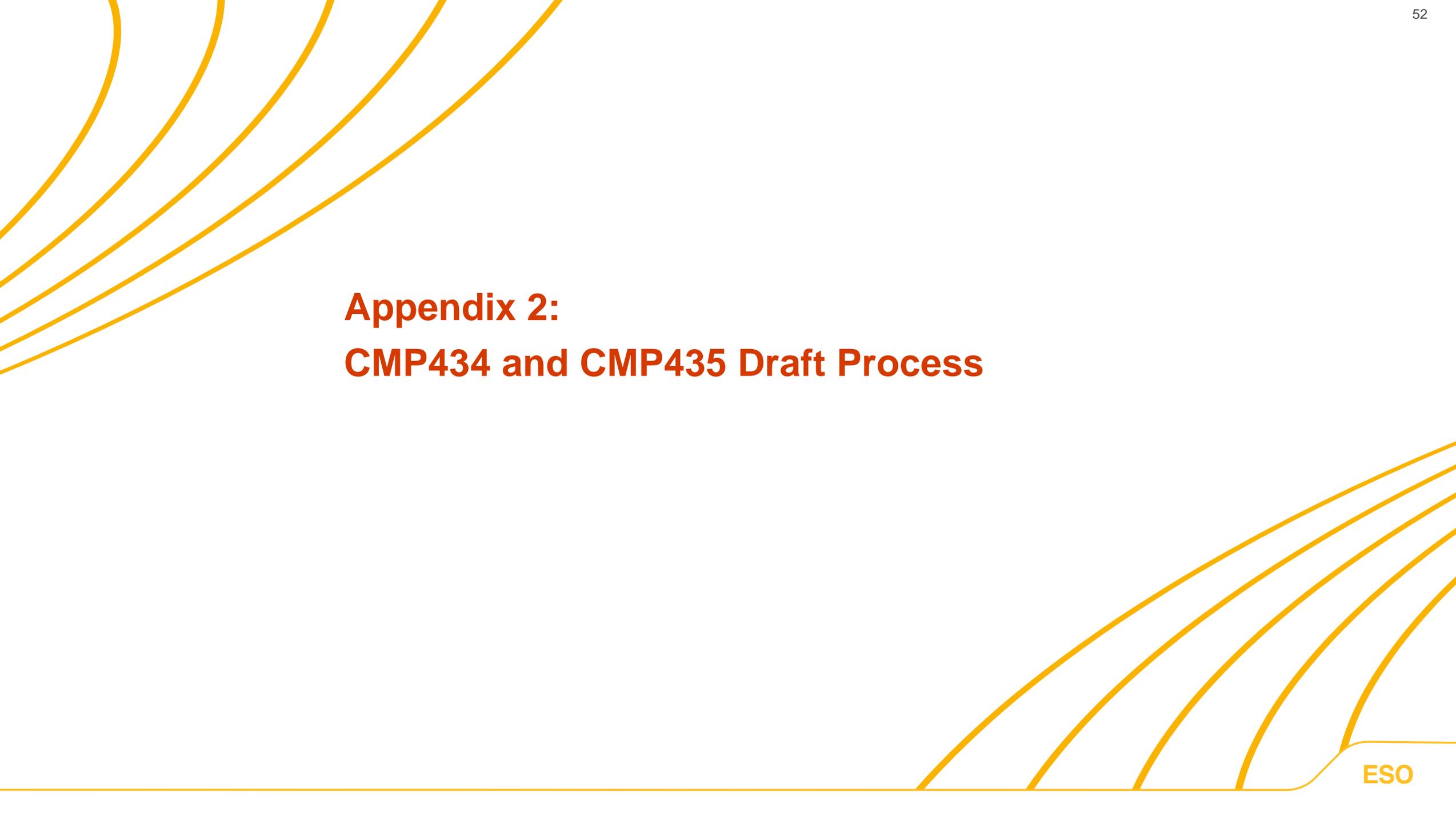
The Gate 2 offer process for DNOs will remain largely unchanged. In TMO4+ (CMP434), the Project Progression is equivalent to a Gate 2 application and TOs will produce a TOCO for the Project Progression received from the DNO, as they do now which is sent to the ESO. **It should be noted that for CMP435 a template will be used for DNO's to notify the ESO which projects meet Gate 2 criteria, not a Project Progression.**

The ESO will update the necessary contract appendices (and the form of Appendix G will need to be updated to reflect TMO4+) and the ESO will prepare the offer which is issued to the DNO.

The DNO will still have three months to query the offer with the ESO and to sign their contract as they do now. The countersigning of documents between the DNO, TO and ESO will remain as they are now.

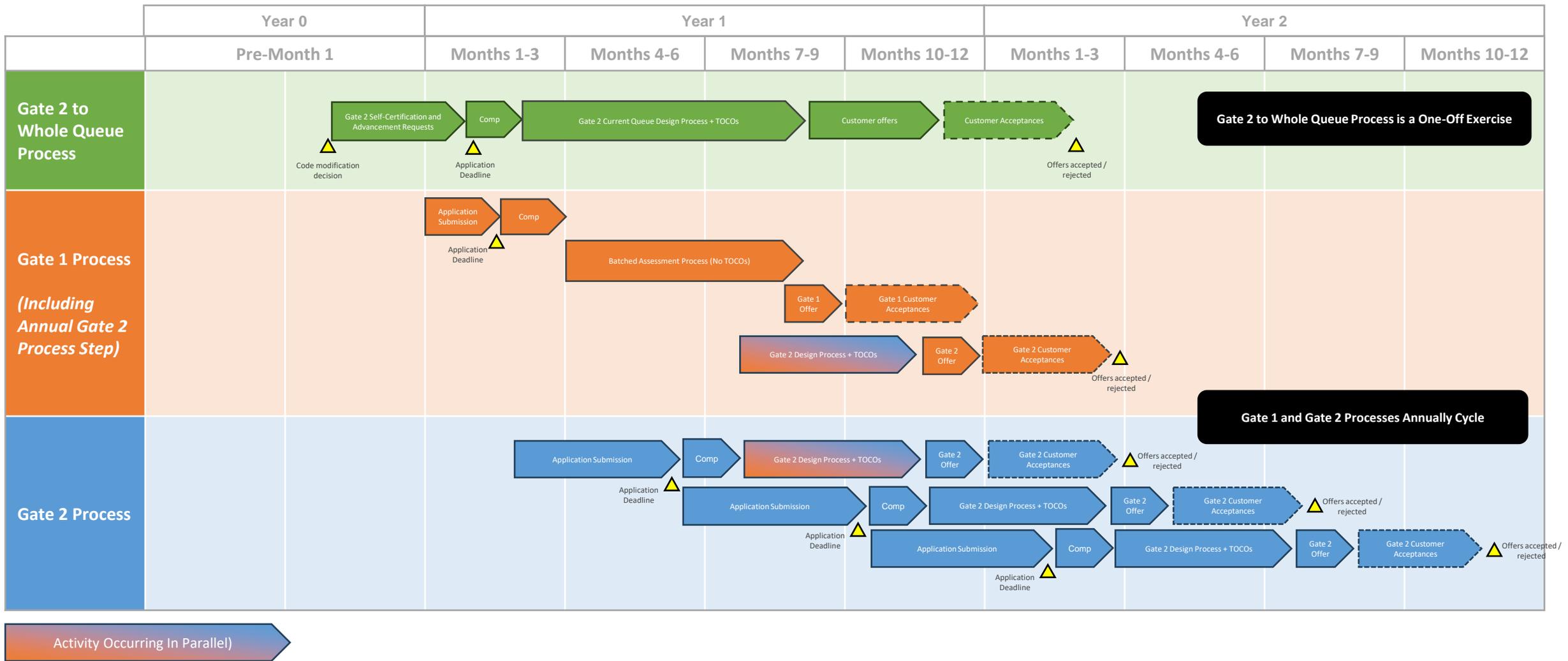
The Relevant Embedded Small/Medium Power station project can (via the DNO) be provided with a confirmed connection date (from a Transmission perspective), full works and costs as the outcome of the Gate 2 offer process. Relevant Embedded Small/Medium Power Stations will be liable for and secure as normal once they are contracted with the DNO and pass Gate 2.

*DNO refers to DNO's and IDNO's connecting at T



Appendix 2: CMP434 and CMP435 Draft Process

Indicative Process Timeline



Please note that this simplified chevron diagram remains subject to change through ongoing Workgroup and TO Discussions, and Wider Stakeholder Feedback.

Appendix 3: Alternatives

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 as outlined in the Original Proposal which the alternative seeks to address compared to the current proposed solution(s);
- the reasons why 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 alternative request and an indication of the impacts of those amendments or effects; and
- where possible, an indication of the impact of the proposed alternative 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

Appendix 3:
**Workgroup membership – for reference as
of 26 June 2024**

CMP435 - Application of Gate 2 Criteria to existing contracted background Workgroup Membership

Code Administrator Modification Chair: Elana Byrne
Code Administrator Technical Secretary: Tammy Meek

[Code Modification Page](#)
[Code Governance Rules](#)

Role	Name	Company	Industry Sector
Proposer	Alice Taylor	ESO	System Operator
Workgroup Member	Deborah MacPherson	Scottish Power Renewables	Generator
Workgroup Member	Garth Graham	SSE Generation	Generator
Workgroup Member	Claire Hynes	RWE Renewables	Generator
Workgroup Member	Paul Youngman	Drax	Generation/Supply
Workgroup Member	Greg Stevenson	SSEN Transmission (SHET)	Onshore Transmission Licensee
Workgroup Member	Michelle MacDonald Sandison	SSEN	Network Operator
Workgroup Member	Richard Woodward	NGET	Onshore Transmission Licensee
Workgroup Member	Kyran Hanks	WWA Ltd	CUSC Panel Member
Workgroup Member	Sam Aitchison	Island Green Power	Developer
Workgroup Member	Callum Dell	Invenergy	Generator
Workgroup Member	Rob Smith	Enso Energy	Generator
Workgroup Member	Mark Field	Sembcorp Energy (UK) Limited	Legal, Regulation and Compliance
Workgroup Member	Wendy Mantle	Scottish Power Energy Networks	Network Operator
Workgroup Member	Samuel Railton	Centrica	Generator
Workgroup Member	Barney Cowin	Statkraft	Generator
Workgroup Member	Charles Deacon	Eclipse Power Solutions	Network Operator

CMP435 - Application of Gate 2 Criteria to existing contracted background Workgroup Membership

Code Administrator Modification Chair: Elana Byrne
Code Administrator Technical Secretary: Tammy Meek

[Code Modification Page](#)
[Code Governance Rules](#)

Role	Name	Company	Industry Sector
Workgroup Member	Nirmalya Biswas	Northern Powergrid	Network Operator
Workgroup Member	Joe Colebrook	Innova Renewables	Generator
Workgroup Member	Jack Purchase	NGED	Network Operator
Workgroup Member	Charles Edward Cresswell	Cero Generation	Generator
Workgroup Member	Hooman Andami	Elmya Energy	Generator
Workgroup Member	Helen Snodin	Fred Olsen Seawind	Generator
Workgroup Member	Ravinder Shan	FRV TH Powertek Limited	Generator
Workgroup Member	Steffan Jones	Electricity North West Limited (ENWL)	Network Operator
Workgroup Member	Jonathon Lee Hoggarth	EDF Renewables Ltd	Generator
Workgroup Member	Paul Jones	Uniper	Generator
Workgroup Member	Pedro Javier Rodriguez	Lightsourcebp	Generator
Workgroup Member	James Devriendt	UK Power Networks	Network Operator
Workgroup Member	Ed Birkett	Low Carbon	Generator
Workgroup Member	Niall Stuart	Hutcheson Associates (Nominated on behalf of Buchan Offshore Wind)	Consultancy
Workgroup Member	Gareth Williams	Scottish Power Transmission	Onshore Transmission Licensee
Workgroup Member	Antony Cotton	Energy Technical & Renewable Services Ltd	Other - not disclosed
Authority Representative	Liam Cullen / Salvatore Zingale	Ofgem	-

* Confirmation pending for nomination by a Schedule 1 CUSC party

CMP435 - Application of Gate 2 Criteria to existing contracted background Workgroup Membership

Code Administrator Modification Chair: Elana Byrne
Code Administrator Technical Secretary: Tammy Meek

[Code Modification Page](#)
[Code Governance Rules](#)

Role	Name	Company	Industry Sector
Workgroup Member	Andy Dekany	NGV	Interconnector
Workgroup Member	Jonathan Wood	Tarchon Energy	Interconnector
Workgroup Member	Phillip Robinson	ITPEnergised	Other – not disclosed

CMP435 - Application of Gate 2 Criteria to existing contracted background

Code Administrator Modification Chair: Elana Byrne
Code Administrator Technical Secretary: Tammy Meek

[Code Modification Page](#)
[Code Governance Rules](#)

Observers

Role	Name	Company	Industry Sector
Observer	Matt Predescu	Eclipse Power Solutions	Network Operator
Observer	Jeremy Sainsbury	Fred Olsen Renewables	Generator
Observer	Barnaby Wharton	RenewableUK	Generator - trade association representing
Observer	Kyle Smith	Energy Networks Association	Other - trade association
Observer	Kirill Glukhovskoy	AQUIND Limited	Other - Interconnector Licensee
Observer	Aaron Priest	Ocean Winds	Generator
Observer	Alex Ikonic	Orsted	Generator
Observer	Karen Gold	Natural Power	Generator
Observer	Loukas Papageorgiou	RWE	Generator
Observer	Gillian Hilton	SSE Group	Network Operator, Supplier and Generator
Observer	Graz Macdonald	Waters Wye & Associates	Consultant
Observer	Ahmed Dabb	Aurapower/Solar & Bess Developers	Unknown
Observer	Amir Fazeli	Emeren	Renewable Developer
Observer	Joseph Martin	SSE Renewables (Solar & Battery)	

CM096 - Application of Gate 2 Criteria to existing contracted background Workgroup Membership

Code Administrator Modification Chair: Catia Gomes

Code Administrator Technical Secretary: Prisca Evans

[Code Modification Page](#)

[Code Governance Rules](#)

Role	Name	Company	Industry Sector
Proposer	Stephen Baker	ESO	System Operator
Workgroup Member	Claire Hynes	RWE Renewables	Generator
Workgroup Member	Gareth Williams	Scottish Power Transmission	Onshore Transmission Licensee
Workgroup Member	Garth Graham	SSE Generation	Generator
Workgroup Member	Grant Rogers	Qualitas Energy	Generator
Workgroup Member	Greg Stevenson	SSEN Transmission (SHET)	Onshore Transmission Licensee
Workgroup Member	Helen Snodin	Fred Olsen Seawind	Generator
Workgroup Member	Joe Colebrook	Innova Renewables	Generator
Workgroup Member	Kyran Hanks	WWA Ltd	Other / Consultant
Workgroup Member	Paul Jones	Uniper	Generator
Workgroup Member	Richard Woodward	NGET	Onshore Transmission Licensee
Workgroup Member	Sam Aitchison	Island Green Power	Developer
Authority Representative	Liam Cullen /Salvatore Zingale	Ofgem	-

Observers

Role	Name	Company	Industry Sector
Observer	Jeremy Sainsbury	Fred Olsen Renewables	Generator
Observer	Joel Matthews	DTC	Offshore Transmission Licensee
Observer	Loukas Papageorgiou	RWE	Generator