ESO

Workgroup Consultation

CMP434: Implementing Connections Reform

Overview: The current connections process is not enabling the timely connection of projects to meet net zero. A wholesale revision is needed to the connections process to meet those targets and the needs of project developers and consumers. This proposal introduces new processes and definitions that will update the existing processes and enable projects that are most ready to progress more rapidly, to achieve connection.

Modification process & timetable[1]

1. **Proposal Form**
   19 April 2024
2. **Workgroup Consultation**
   25 July 2024 - 06 August 2024
3. **Workgroup Report**
   20 September 2024
4. **Code Administrator Consultation**
   26 September 2024 - 10 October 2024
5. **Draft Final Modification Report**
   16 October 2024
6. **Final Modification Report**
   22 October 2024
7. **Implementation**
   01 January 2025

Have 10 minutes? Read our Executive summary

Have 120 minutes? Read the full Workgroup Consultation

Have 180 minutes? Read the full Workgroup Consultation and Annexes.

Status summary: The Workgroup are seeking your views on the work completed to date to form the final solution to the issue raised.

This modification is expected to have a: High impact on Transmission Owners, Interconnectors, Generators (including embedded generators), Demand, Distribution Network Operators, Independent Distribution Network Operators and Electricity System Operator

Governance route	Urgent modification to proceed under a timetable agreed by the Authority (with an Authority decision)	
Who can I talk to about the change?	**Proposer:** Joe Henry joseph.henry2@nationalgrideso.com 07970 673220	**Code Administrator Chair**: Claire Goult claire.goult@nationalgrideso.com 07902 312226
How do I respond?	Send your response proforma to cusc.team@nationalgrideso.com **by 5pm on 06 August 2024**	

[1] This represents the current proposed timeline for this modification (as of 25 July 2024), which is pending Authority approval.

ESO

Contents

ESO

Executive summary

This code modification was raised under the ESO's Connections Reform programme, with proposals to reform the electricity transmission connections process as set out in the CUSC.

What is the issue?

The current Great Britain (GB) transmission connections process is not enabling the timely connection of projects to meet net zero. A wholesale revision is needed to the connections process to meet those targets and the needs of project developers and consumers.

What is the solution and when will it come into effect?

Proposer's solution: This proposal introduces new processes and definitions for certain new and modified connection applications that will update the existing processes and enable those projects that are most ready to progress to connect more rapidly. This is done by moving away from a 'first come, first served' approach to capacity allocation and reallocation to a 'first ready, first served' approach. It is proposed to introduce an annual application window and two formal gates, which are known as Gate 1 and Gate 2. This means that in-scope project developers will no longer be able to submit new and modified connection applications at any time and will only be able to do so in application windows. Once a project meets the Gate 2 criteria the project developer can apply (via the relevant network operator) to be provided with a confirmed connection point and connection date.

Implementation date: 01 January 2025

What is the impact if this change is made?

The impact on in-scope projects/developers is that a reformed connections process will be in place to follow for new connection applications and "Significant Modification Applications". There will therefore be different process timescales and policies for in-scope projects/developers (connecting at both distribution and transmission) to be aware of in respect of the national electricity transmission system for such applications.

Interactions

This code modification directly interacts with a change to the STC[2], CM095.

There are also interactions with the separate (but related) modifications addressing Application of Gate 2 criteria to existing contracted background: CMP435 and CM096.

There is also a possibility of consequential changes to the DCUSA as a result of this code modification. However, at the time of this consultation (July 2024) no such DCUSA change has been identified.

When completing your Workgroup Consultation Responses, we suggest you read the documents in the following order:

1. CMP434 Implementing Connections Reform (this document)
2. CMP435 Application of Gate 2 Criteria to existing contracted background
3. CM095 Implementing Connections Reform
4. CM096 Application of Gate 2 Criteria to existing contracted background

[2] The System Operator - Transmission Owner Code

What is the issue?

The current connections process is not enabling the timely connection of projects to meet net zero. A wholesale revision is needed to the connections process to meet those targets and the needs of project developers and consumers. This proposal introduces new processes that will update the existing processes and enable projects that are most ready, to connect more efficiently.

In December 2022, the ESO, the Proposer of this CMP434, published a Case for Change, to conclude Phase 1 of their GB Connections Reform project, in respect of longer term reform of the connections process (i.e. the process by which projects apply to connect to or use the electricity transmission system in GB). The ESO subsequently worked with stakeholders during early 2023 to develop and explore options in relation to a longer-term reformed process for connections and the ESO set out their initial recommendations for reform in a consultation in June 2023. The ESO have continued to engage and develop their thinking based on the ~80 responses to the consultation. The ESO set out their final recommendations for longer-term connections reform on 5 December 2023, which identified policy areas that needed to be finalised before raising changes to the codes. The ESO concluded Phase 2 of their GB Connections Reform project and just prior to this, in November 2023, DESNZ/Ofgem published their joint Connections Action Plan, which stated the following in relation to Connections Reform:

> *"Desired Outcome: Connections reforms delivered with a high degree of confidence in quality, pace, ambition and coordination of reform delivery, ensuring greater and faster impact of connection reform in reducing connection times as well as lower system and/or connection costs.*
>
> *In selecting the most appropriate implementation approach for the Connections Action Plan, we were guided by a range of factors and principles. We want an implementation approach that ensures sufficient industry engagement and efficient and coordinated delivery of changes, taking into account the interests of all stakeholders, as well as wider strategic objectives related to achieving net zero goals and enabling reforms to be substantially delivered by 2025 to ensure energy security and investability across the network."*[3]

Since publication of the final recommendations and noting the asks on the ESO within the Connections Action Plan, the ESO continued to engage across industry on key policy decisions and how to incorporate these changes within the codes. As a result of this further policy development and industry engagement, the ESO published an update to final recommendations setting out what has changed since the final recommendations of December 2023 and why, and to inform code changes.

The issue the ESO is now seeking to resolve with this code modification as part of Phase 3 (detailed process design and implementation) of their GB Connections Reform project is to update the current and relevant codified aspects of the connection process (assuming the necessary corresponding licence changes are undertaken by Ofgem in due course), to align with the ESO recommendations for a reformed connections process.

[3] Pages 83 and 84.

Scope

Given the breadth of the scope of the ESOs final recommendations, the Proposer is only proposing changes related to the final recommendations that are needed for what the Proposer considers to be the Minimum Viable Product (MVP) i.e. those changes that the Proposer feels are essential for Day 1 (the Go Live date). It is worth noting that this is not a complete replacement of the existing processes related to connections as some of the existing process will remain applicable in some cases e.g. some Modification Applications.

Therefore, the scope of this MVP change is:

- Introducing an annual application window and two formal gates, which are known as Gate 1 and Gate 2 (i.e. the “Primary Process”).

- Clarifying which projects go through the Primary Process and any differences.

- Setting out the process and criteria in relation to Application Windows and Gate 1.

    - Introducing a Letter of Authority offshore equivalent as a Gate 1 application window entry requirement for offshore projects; and
    - Introducing a longstop date on the time a project can remain at Gate 1.

- Introducing a proposed Methodology that will set out the criteria for demonstrating that Gate 2 has been achieved and setting out the obligations imposed afterwards.

    - Incorporating amendments to Queue Management Milestones introduced by CMP376 (Inclusion of Queue Management process within the CUSC);
    - Setting out allowable amendments to red line boundaries once Gate 2 has been achieved; and
    - Introducing land rights duplication checks against the red line boundary to be submitted by a project once it reaches Gate 2.

- Setting out the general arrangements in relation to Gate 1 and Gate 2 processes, including in relation to the concepts of Project Designation and Connection Point and Capacity Reservation.

- Changing ESO’s (and TO’s) connection offer timescales to align with the Primary Process timescales for in-scope projects/applications i.e. a move away from three months for making certain licenced offers.

- Codifying (at a high-level) the following concepts and the requirement for the three proposed Methodologies: Connections Network Design Methodology, Gate 2 Criteria Methodology and Project Designation Methodology. The policy details of these proposed Methodologies are proposed to sit outside of the CUSC and are not the subject of this proposal.

- Introducing consequential changes to connection agreements for in-scope projects.

- Setting out the process for how Distribution Network Operators (DNOs) and transmission connected Independent Distribution Network Operators (iDNOs) notify the ESO of Relevant Embedded Small Power Stations and/or Relevant Embedded Medium Power Stations which meet the Gate 2 criteria and the DNO and transmission connected iDNOs receives the firm connection date for those connections.

- Introducing the concept of submission of a Distribution Forecasted Transmission Capacity (DFTC) by DNOs and transmission connected iDNOs to forecast capacity on an anticipatory basis for Relevant Embedded Small Power Stations and Relevant Embedded Medium Power Stations[4] in the Application Window related to Gate 1 to allow DNOs and transmission connected iDNOs to provide indicative connection dates which takes account of any transmission work when the DNO and transmission connected iDNO makes a connection offer.

As part of the final recommendations that the ESO published on 5 December 2023, the ESO noted some areas that they would ideally include but which do not meet the MVP.[5] These may be taken up as part of future CUSC Modifications.

[4] Any projects which are above the upper threshold of the range for use of DFTC (i.e. projects which are 100MW and above in England and Wales, 30MW and above in Southern Scotland and 10MW and above in Northern Scotland) will need to submit a connection application direct to the ESO. The Proposer expects that this will be via the primary process (i.e. an application window). For the avoidance of doubt, Embedded Large Power Stations are not in scope of DFTC (whether they are Bilateral Embedded Generator Agreements (BEGA) or Bilateral Embedded Licence Exemptible Large Power Station Agreements (BELLAs).

[5] See Section "4.5 MVP and Final Recommendation Firmness" on pages 52-54.

Why change?

Please note that in the ESO Connections Reform Consultation (pages 73 to 78), the ESO set out the benefits in more detail, but in summary:

Overall, the connection reform proposals have three main benefits as follows:

- Quicker connections for projects that are in a better position to progress to connection.
- A more coordinated and efficient network design for connections that delivers benefits for customers and consumers, since allocating capacity more efficiently to projects that are most ready to proceed and studying connection applications in batches should lead to lower overall costs[6].
- A process which helps to efficiently deliver Net Zero by delivering timely connections dates.

Of the options the considered prior to making final recommendations, the approach has:

- The opportunity for a first-ready, first-connected connection process; and the overall opportunity for earlier/more efficient connection dates.
- More efficient and coordinated future planning of the network, with the benefits further enhanced with the proposed future introduction of the Strategic Spatial Energy Plan (SSEP) and Centralised Strategic Network Plan (CSNP). The Proposer believes the proposed solutions can be materially aligned with the plans for CSNP and SSEP and as such can deliver increased benefits for customers and consumers.
- An ability to build network assets more efficiently in anticipation of need as the early batched assessment of connection applications under the proposed approach would also allow efficient inclusion of anticipatory investment in network design.
- Better facilitation of competition, innovation and introduction of non-build solutions e.g. a coordinated design helps introduce innovation into network designs by facilitating competition in the design and delivery of infrastructure related to connections - as planning in advance should provide clear scope and time for competitive tenders.
- Future-proofed design to align with other programmes e.g. the Proposer believes the proposed solutions are future proof for the likely development and use of the SSEP, most specifically with regards the use of application windows and the introduction of strategic coordinated network designs for connections.

[6] Note in this consultation (page 73), it notes that the Holistic Network Design process is expected to lead to overall net consumer savings of approximately £5.5 billion when compared to an optimised radial design and expect similar benefit (although difficult to quantify) for our proposed reformed connections process.

What is the solution?

Proposer's solution

Element 1. Proposed Authority approved methodologies and ESO guidance[7]

In relation to each aspect of the proposed solution the Proposer is considering the appropriate level of codification and where appropriate proposes to use additional proposed methodologies or guidance (with proposed methodologies proposed to be approved by the Authority and guidance provided by ESO) to support the reformed process, instead of or as well as proposed solution codification.

In this document the Proposer uses the capitalised term "Methodology" to denote such a proposed Authority approved Methodology. There are three areas within the proposal where the Proposer intends to codify the high-level concept but then have the associated detail elsewhere in a proposed Methodology. These are:

- Gate 2 Criteria Methodology;
- Project Designation Methodology; and
- Connections Network Design Methodology (CNDM)

All are further described below in Element 11, Element 9, and Element 16 respectively of this '*Proposer's solution'*.

The Proposer considers that having this detail outside of the CUSC in a Methodology proposed to be approved by the Authority (as per a high-level process the Proposer would expect to be set out in the ESO's transmission licence, and in the case of the proposed CNDM the TO's transmission licence) would provide a more appropriate balance of flexibility and governance when compared to the current codified CUSC Modification process. The Proposer considers that this is particularly important to ensure that the future connections process can adapt quickly and proportionately to future changes in the energy market or in major energy policy, to deliver better outcomes.

With this solution it is also intended to utilise ESO guidance to support the ESO's and industry understanding of parts of the CUSC. The ESO expects to publish the following guidance documents (subject to change and not necessarily required by the CUSC):

- Significant Modification Application Guidance;
- Material Technology Change Guidance; and
- Letter of Authority[8] Guidance and Queue Management Guidance[9] (as is currently the case, but as amended/expanded as a result of these proposals e.g. in respect of the Gate 2 Criteria).

[7] To help you navigate the document, the various elements of the '*Proposer's solution*' have been broken down into 18 distinct parts (number 1-18) which are then referred to, as 'elements', in the following '*Workgroup considerations*' part of this document.

[8] Which was introduced into the CUSC with CMP427.

[9] As introduced by CMP376.

In respect of each proposed Authority approved Methodology, the Proposer foresees:

- The associated concept (which is subject to the proposed Methodology) being lightly codified i.e. a broad definition of the concept and its purpose being set out within the ESO's transmission licence (with reference to it in the CUSC, and in the case of the proposed CNDM, potentially the STC).
- A proposed licence obligation on the ESO (and regarding a proposed CNDM, TOs) to develop, consult on, publish and comply with a proposed Methodology.
- A proposed requirement for Authority approval of a proposed Methodology, and any amendments to a proposed Methodology in the future.

In respect of the consultation and approvals process for each proposed Methodology the Proposer initially foresees (based on alignment with the ESO's other licenced areas):

- A formal minimum of 28 calendar days must be allowed for an external consultation on the new/amended proposed Methodology; then
- A formal consultation report must be issued to the Authority within 14 calendar days of the consultation close; then
- A formal period of 28 calendar days for the Authority to review the new/amended proposed Methodology and formal consultation report and during this time the Authority must approve or reject the new/amended proposed Methodology.
- A review of the proposed Methodology must be undertaken, by the ESO, at least annually, but with the possibility of more frequent changes where the ESO believes these are required (with the process for this as above).

Unlike the current codified CUSC Modification process, the Proposer does not expect there would be any opportunity for industry to propose Alternatives or to raise their own modifications to the proposed Authority approved Methodologies.

Whilst not necessarily for inclusion in the ESO's transmission licence, the Proposer foresees a period of informal engagement with industry stakeholders prior to the formal external consultation.

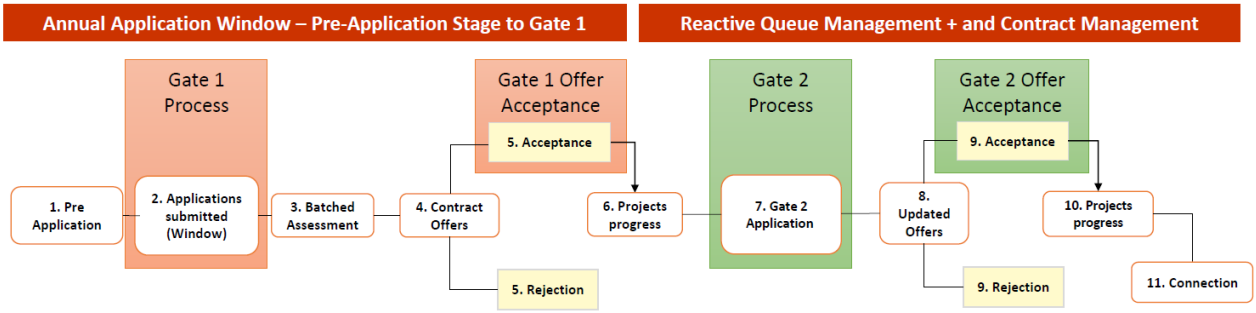
Please note that the above is subject to ongoing discussions with the Authority and it would require changes to the ESO's (and, for the proposed CNDM, TO's) Licence Conditions and/or new Licence Conditions.

If either proposed Gate 2 Criteria Methodology or the proposed CNDM were not approved by the Authority (as is proposed) by the date at which they would be required to facilitate the new connections process from go-live (currently proposed to be 1 January 2025) then the go-live date would need to be adjusted accordingly to ensure that these proposed Methodologies were available at the right time to proceed with the new process. It would be possible (albeit undesirable in the view of the Proposer) to proceed with go-live in the event that the proposed Project Designation Methodology were not approved prior to the go-live date i.e. as the process could continue without the potential for Project Designation, although there could be a sub-optimal outcome.

Element 2. Introducing an annual application window and two formal gates, which are known as Gate 1 and Gate 2 (i.e. the Primary Process)

Following the ESO's final recommendations for Connections Reform, the Proposer intends to implement a new connections process, noting it is not a complete replacement as the existing process may remain applicable e.g. for some Modification Applications. This new process is based on an annual application window with two formal gates. The proposed new connections process will apply to all relevant applications (see Element 3 below in respect what is required to apply through the new Primary Process) received after the new process 'go live' date (which is intended to be 1 January 2025, at the time of this consultation).

Under this Primary Process (see the diagram below and Annex 4 for an illustration), the Gate 1 process and offer/agreement will provide any relevant applicant with an indicative capacity, connection date and connection point following the Gate 1 assessment[10]; no User Commitment/Final Sums will apply at this stage. The purpose of Gate 1 being to support more strategic network planning and faciliate the potential for earlier connection dates being provided at Gate 2 for some projects than would otherwise have been the case. Once the Gate 2 criteria have been met, an applicant within the Gate 2 process will be given a project specific queue position. This will consist of (i) a confirmed connection date, (ii) a confirmed connection point, (iii) confirmed capacity, (iv) the User Commitment/Final Sums, and (v) Queue Management Milestones. The intention is that a specific queue position for a developer will be based upon the time at which the Gate 2 criteria is met by each project within the respective Gate 2 batch. This will however be subject to certain exceptions related to Project Designation and Connection Point and Capacity Reservation (as described in Element 9 and Element 10 below) and it is subject to the development and approval of the proposed Gate 2 Criteria Methodology and proposed Connections Network Design Methodology).



Element 3. Clarifying which projects go through the Primary Process

It is proposed that the following groups of customers will follow the Primary Process from the 'go live' date:

[10] ESO would work with the TOs to carry out a batched assessment (after each Gate 1 window closes) which, amongst other things, considers all accepted (i.e. those meeting application window entry criteria) relevant applications received within that Gate 1 application window and the DFTC submissions to develop an associated coordinated network design.

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	CMP434

• Directly Connected Generation
• Directly Connected Interconnectors and Offshore Hybrid Assets
• Directly Connected Demand
• Large Embedded Generators
  ○ 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
  ○ 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)
	New

'Significant' Modification Applications (in relation to the above)	Contracted and Connected

Notes:

- *Embedded Demand is not in scope.*
- *The requirements do not apply to the construction of new transmission assets. For example, if a Directly Connected Generation customer triggers a new transmission substation, then the CMP434 Gate 2 criteria requirements only apply to the land related to the generation site and not, for example, to the land related to the new transmission substation, or other transmission infrastructure, including cables or overhead lines from the generation site.*
- *Directly Connected Generation includes Storage and 0MW Connections, such as Sync Comps.*
- *Where the ESO receives a BEGA/BELLA application, the requirement to notify the DNO/transmission connected iDNO will still apply, as per the current BAU process.*

Element 4. Significant Modification Applications

It is proposed to codify the concept of a 'Significant Modification Application' (noting that it may not be described as such in the final legal text for this proposal) for those projects that are in scope (see the table in Element 3 above) as well as the implications of how such requests would be progressed i.e. a Significant Modification Application could only be submitted and progressed through the relevant Gate 1 process or Gate 2 process, at the ESO's sole discretion (exercising Good Industry Practice). The principles upon which the legal text (for this change) is proposed to be based upon, are that a Significant Modification Application would be required where (as a result of a change requested by the developer) the ESO reasonably believes there is:

- A considerable impact on the design of the transmission system (including in relation to anticipatory investment); and/or
- A considerable impact on the operation of the transmission system; and/or
- A considerable impact on other users of the transmission system.

Please note the terms ‘significant’ and ‘considerable’ may not be used for the final legal text for this proposal. Please also note that there is a need to ensure the continued potential for non-significant Modification Applications i.e. those which follow the existing licenced offer process and timescales rather than the Gate 1 or Gate 2 process and timescales.

In the view of the Proposer, ESO guidance on what types of changes would require Significant Modification Applications and whether the Gate 1 or Gate 2 process should be followed is expected to be documented and this is beyond the scope of this code change. A work-in-progress overview of the contents of such guidance, setting out where there are emerging views and remaining uncertainties, can be found within Annex 5[11]. This guidance will be published by the ESO after the Authority Decision Date and prior to the go-live date.

Element 5. Clarifying any Primary Process differences for customer groups

The current proposal is:

Relevant Embedded Small Power Stations and Relevant Embedded Medium Power Station Projects[12]

The Proposer proposes the introduction of a Distributed Forecasted Transmission Capacity (DFTC) submission (which is not considered to be an application) to be sent by DNOs[13] or transmission connected iDNOs to the ESO during the Gate 1 Application Window. This is to allow DNOs or transmission connected iDNOs to forecast capacity on behalf of Relevant Embedded Small Power Stations and Relevant Embedded Medium Power Stations on an anticipatory basis. This is so that the DNOs or transmission connected iDNOs can continue to make connection offers to their customers and for the ESO and TOs to have a view of forecasted capacity for this customer groups.

The ESO/TO response (to the DFTC submission) to the DNO or transmission connected iDNOs would have a transmission component similar to a Gate 1 offer at transmission i.e. it would provide an indicative connection date.

The concept of Gate 2 will apply to Relevant Embedded Small/Medium Power Stations that demonstrate they have met the Gate 2 criteria through the DNO or transmission connected iDNO. The DNO or transmission connected iDNO would only receive a confirmed offer after a Relevant Embedded Small/Medium Power Station has successfully met the Gate 2 criteria (and applied accordingly and gone through the Gate 2 process).

The more detailed proposals for this are all set out below in Element 17 and Element 18.

[11] Whilst not in the scope of this code change, the ESO also intends to publish guidance on what constitutes a material technology change (within a Modification Application or Significant Modification Application) and what developers can and cannot change without impacting their queue position as a result of such change.

[12] Thresholds: England and Wales 1MW – 100MW; Southern Scotland 200kW – 30MW and Northern Scotland 50kW-10MW.

[13] Distribution connected iDNOs submit their forecasts to the DNO.

Offshore Projects

Offshore projects will need a Letter of Authority (LoA) offshore equivalent from The Crown Estate or Crown Estate Scotland (as relevant) for their project in order to submit a Gate 1 application to the ESO. In respect of Interconnectors and offshore hybrid assets[14] it is proposed for this to be for the offshore cabling (i.e. The Crown Estate and/or Crown Estate Scotland awareness of the project and there being a potential route to a seabed lease for it rather than specifying a defined cable route). (As a result the guidance introduced by CMP427 will need to be updated to set out the equivalent arrangements.)

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 however the relevant land rights would be in relation to the onshore convertor station and be provided by the relevant onshore landowner(s).

Additionally, due to circularity created by the above, for interconnectors and offshore hybrid assets, the Proposer is proposing that the Gate 1 offer confirms a connection date and connection point (noting that the ESO would need to temporarily reserve the economic, efficient and co-ordinated connection point at Gate 1 (and the associated capacity) for such projects, as described below in Element 10), but that this is only formally allocated to the developer subject to them meeting the Gate 2 criteria within a set period of time i.e. by the proposed longstop date as set out in Element 8.

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, as described below in Element 10.

Non-GB assets (i.e. generation assets which are located outside of GB / GB Waters and which are not interconnectors or OHAs) connecting to the GB transmission system will be treated in accordance with their regulatory classification i.e. if the Authority were to licence as an interconnector or OHA, the Proposer would treat the project as such and if not the Proposer would treat it akin to directly connected generation i.e. in relation to Gate 1 and Gate 2, etc. For the avoidance of doubt, such projects will need to provide evidence to the ESO, at Gate 2, of land[15] / seabed leasing for the requisite area (as per the CMP427 Energy Density guidance document published by the ESO).

Within the scope of these changes, the Proposer is no longer proposing changes to more formally integrate both The Crown Estate and Crown Estate Scotland into the connection application process, which the Proposer now intends to possibly propose in a separate CUSC modification at a later date.

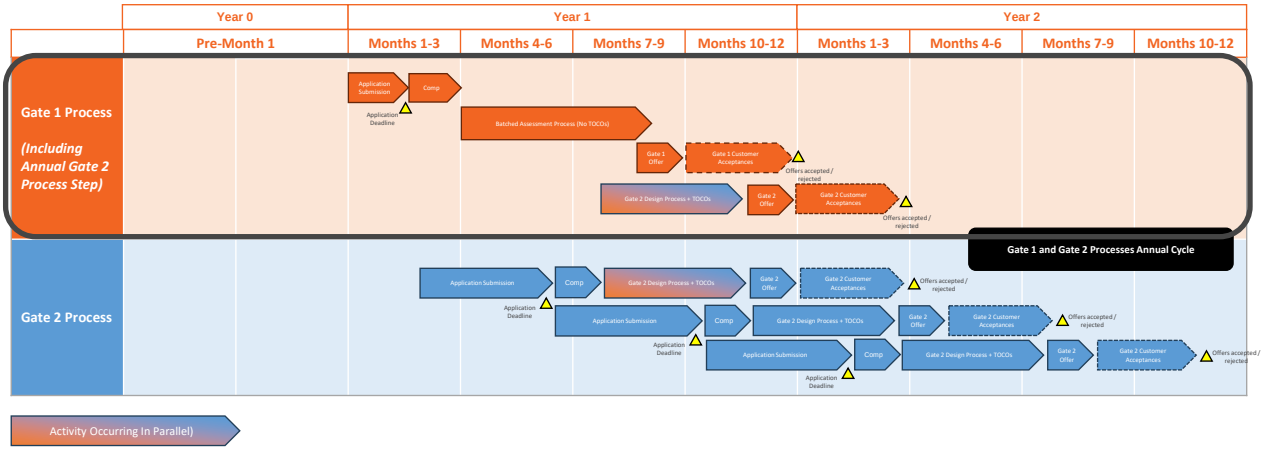
[14] When referring to offshore hybrid assets throughout this document it refers to the ‘interconnector’ and/or ‘offshore transmission’ aspects of the offshore hybrid asset and not to an offshore wind farm.

[15] Ownership / lease / option as per Element 13 below.

Element 6. Setting out the process and criteria in relation to Application Windows and Gate 1, including introducing an offshore Letter of Authority equivalent as a Gate 1 application window entry requirement for offshore projects

The following diagram (found in Annex 4) provides a high-level overview of the current intent for the proposed Gate 1 Process and Gate 2 Process. The appropriate level of codification related to frequency and duration of such processes remains to be confirmed, but as the current codified process timescales are derived from the ESO and TO transmission licences this will in part depend upon changes to licence. The Proposer therefore plans to keep the frequency and duration of the process, as well as the process steps, under review based on stakeholder feedback to this consultation.

Indicative Process Timeline (as set in in Annex 4)



There will be, at least in the first instance, an annual Gate 1 application window, which at the time of this consultation is anticipated to open for applications on 1 January 2025 and close Mid-February 2025, and the frequency and duration of these application windows will be subject to regular review. Application window entry requirements leading up to Gate 1 will be as per the current CUSC requirements[16] (but with the introduction of an equivalent Letter of Authority requirement for all offshore projects as described in the 'offshore projects' section in Element 5 above). In the event a project has met the Gate 2 criteria for their project at the point of their application into a Gate 1 application window, this will also need to be evidenced at that point in time if the developer wishes to receive a Gate 2 offer, instead of a Gate 1 offer, within that application window.

Applications that have met the Gate 1 application window entry requirements by the end of the annual application window will be considered as part of the background for assessment by the TOs when they are undertaking a more coordinated network design process (the approach for which, including attrition and anticipatory investment, is not in the scope of this modification and will be set out in the proposed CNDM – for further information see Element 16 below).

[16] For Large Embedded Power Stations applying for a BEGA/BELLA and for Relevant Embedded Small/Medium Power Stations applying for a BEGA, the LoA is checked by the DNO / transmission connected iDNO as part of existing embedded arrangements (and is not submitted directly to the ESO).

Those applications that have not met (following the ESO's assessment of the application with TOs) the entry requirements will need to re-apply in the next Gate 1 application window, if they still wish to proceed.

A Gate 1 offer, which will be provided by the ESO to the developer will include an indicative connection date and an indicative connection point. However, no queue position will be allocated, nor will there be a requirement for the project to provide User Commitment/Final Sums or to meet Queue Management Milestones (as there will not yet be a confirmed connection date or connection point at Gate 1 – these will be provided in the Gate 2 offer).

The Gate 1 offer will contain a fully detailed contract for all relevant Agreements required with the relevant clauses inserted but the Appendices will however not be populated until the Gate 2 offer stage.

Once a Gate 1 offer has been signed (and becomes effective), it is proposed that the developer will also be subject to a longstop date as set out in Element 8 below.

Element 7. Fast Track Disagreement Resolution Process

It is no longer proposed to introduce a new and formal fast track disagreement resolution process as part of this proposal and this will be separately and informally developed by the ESO at a later date.

Element 8. Longstop Date for Gate 1 Agreements

It is proposed to have a longstop date to place a time limit between Gate 1 offer acceptance and Gate 2 offer acceptance (this being the date of customer signature).

In this approach it is intended to implement a forward-calculated longstop date of 3 years from Gate 1 offer acceptance, with the ESO having discretion to extend this timeframe; e.g. to avoid an unintended outcome where the developer has provided evidence to demonstrate sufficient progression. Whilst the specifics of when such discretion might be used is not proposed to be codified examples of use could include where a project is within the Gate 2 application process (but is yet to receive the Gate 2 offer to accept), or where land rights have been obtained but not in sufficient volume to meet the land density table requirements to apply into a Gate 2 process. It should be noted that a 3-year time period from Gate 1 offer acceptance to Gate 2 offer acceptance will in practice mean a period of ~2 years for a developer in Gate 1 to demonstrate compliance with the Gate 2 Criteria.

In the event a Gate 2 offer has not been accepted by the longstop date within 3 years from Gate 1 offer acceptance (and there has not been an extension to the 3-year time period granted by the ESO, or relevant DNO or transmission connected iDNO) then the Gate 1 agreement would be terminated. This will apply to all in-scope projects as defined in Element 3.

The application of the longstop date for Relevant Embedded Medium and Small Power Stations not requesting a BEGA is discussed in Element 18. For the avoidance of doubt, where a Gate 1 offer is linked to a BEGA/BELLA, the offer will include a longstop date.

Element 9. Project Designation

It is proposed to create a concept and an associated non-codified Methodology (proposed to be approved by the Authority) that would enable the ESO to designate specific projects in line with the proposed Project Designation Methodology.

As a result the ESO would have the power to accelerate the queue position (and therefore connection date) of designated projects, in line with the provisions in the proposed Gate 2 Criteria Methodology and proposed CNDM. Any restrictions on which projects the ESO could designate will be defined in the proposed Project Designation Methodology and do not form part of this proposal.

Therefore, it is proposed that only the concept of Project Designation is included within the CUSC, with the proposed Methodology to be published separately and approved by the Authority (subject to the Authority making relevant changes to the ESO licence, including any expectations the Authority sets around consultation and/or periodic update, as further described in Element 1 above).

Whilst not planned by the Proposer to be included within the CUSC, the following sets out further context and the current expectations of the Proposer in respect of the proposed Project Designation Methodology.

The Proposer's current view is that the proposed Project Designation Methodology would include the ability to designate projects where they meet the following criteria:

a) are critical to Security of Supply; and/or

b) are critical to system operation; and/or

c) materially reduce system / network constraints.

It is also expected that Project Designation would only be applied where there are significant issues (e.g. material cost detriment to consumers) caused by not taking action and these could not be otherwise mitigated through the standard first ready first connected approach that is being introduced through these code modification proposals.

The Proposer generally expects that designated projects would still be required to meet the Gate 1 criteria and go through the Gate 1 process before proceeding to Gate 2. However, the Proposer is also expecting that the ESO would have the right (which would be determined on a case-by-case basis for each designated project) to allow such projects to proceed straight to Gate 2 (without going through Gate 1) where a project could meet the required Gate 2 criteria and where providing a Gate 2 offer is time critical.

For Gate 2, the Proposer expects that any designated projects would still be required to meet Gate 2 criteria and go through the Gate 2 process. However, it is expected that the queue position of designated projects would be prioritised (by the ESO/TOs) within the next available Gate 2 batched assessment (i.e. they would have priority access to available capacity and / or earlier connection dates compared to other projects in that Gate 2 batch by placing them higher up the queue for network design purposes than those which do not have Project Designation).

Furthermore, it is expected that designated projects with Gate 2 agreements would be prioritised for further advancement (if they request such further advancement) over other

projects with Gate 2 agreements where any capacity could be reallocated following non-acceptances of Gate 2 offers and/or Gate 2 terminations. The details of which will be set out within the proposed CNDM described in Element 16 below.

Rather than being incorporated under Project Designation (as previously proposed)[17], the Network Services Procurement (previously referred to as Pathfinders), Competitively Appointed Transmission Owner (CATO) and co-ordinated offshore network design arrangements will now be dealt with in a separate 'Connection Point and Capacity Reservation' process via a proposed amendment to the STC/STCP (as further described in Element 10 below).

Element 10. Connection Point and Capacity Reservation (included here for context – proposed to not be codified within the CUSC, but is intended to be codified within the STC through modification CM095)

It is proposed to extend the existing STCP[18] bay reservation process currently utilised by ESO Network Services Procurement (previously referred to as Pathfinders) processes. The reason being to avoid potential situations where connection points and capacity which the ESO would otherwise require for a specific purpose (as set out below) being allocated to projects which have met the Gate 2 criteria within the Gate 2 process.

This concept would be extended to cover connection points (which may not necessarily be a bay in all cases) and capacity, and to extend the potential usage to include network competition (i.e. in relation to CATOs, where strictly speaking it would actually be an interface between different parts of the transmission system rather than being for a connection to the transmission system) and also in relation to offshore co-ordination i.e. to protect the integrity of any ESO co-ordinated offshore network design[19], such as in relation to the Holistic Network Design Follow-up Exercise.

Whilst it is the Proposer's intention that this will only be used in limited circumstances, it will ensure that network related to the facilitation of competition or co-ordinated offshore network design in such circumstances can be protected on a time-limited basis by the ESO, prior to either being allocated on an enduring basis or released.

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 be required to follow the Gate 1 and Gate 2 processes, i.e. reservation of a connection point and/or capacity by the ESO does not absolve the developer of its obligation to follow the Primary Process once the outcome of a competition/lease is known.

[17] This is because it is not possible to identify the specific nature / location / developer of projects resulting from Network Services Procurement or CATO (or, to an extent, in relation to co-ordinated offshore network design) until after the competition/leasing round has concluded. So, in order to ensure efficient outcomes for the competition and for consumers, relevant network / capacity can in some cases need to be reserved for competition / leasing round winners before the outcome of the competition / auction is known.

[18] This is a procedure set out in accordance with the SO/TO Code (STC).

[19] Due to the approach taken to co-ordinated network design for offshore projects and the significant design optionality when assessing offshore projects and their connection/interface to the transmission system (relative to onshore projects) the design process and the recommended design could be undermined in the event a reservation process were not available.

In addition, in respect of the offshore process difference for interconnectors and OHAs described in Element 5, this process would be used to reserve a connection point and capacity for such projects for a limited time (i.e. as set out in Element 8) pending those projects achieving the Gate 2 criteria. In the Proposer's view this is required to avoid a circularity where such projects are unable to reasonably meet the Gate 2 criteria until they know their confirmed connection point (more so than any other project type due to the nature of such projects and the large number of possible connection points) and are unable to know their connection point until they have met the Gate 2 criteria.

In summary, the circumstances the Proposer foresees Connection Point and Capacity Reservation potentially occurring are as follows:

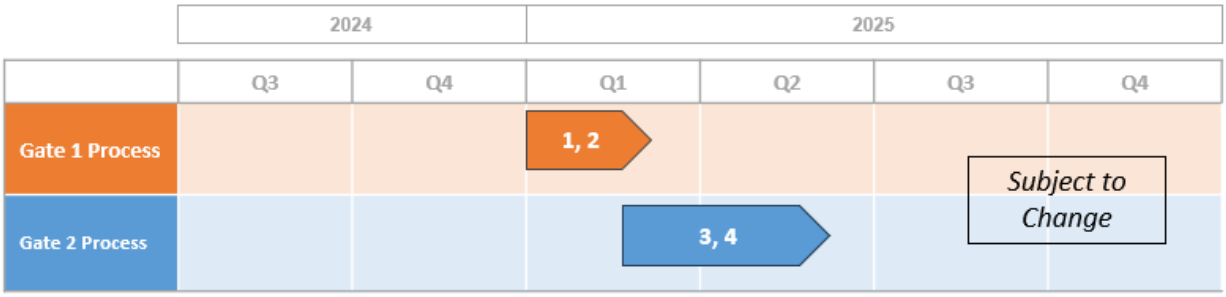
- To protect (through the Gate 2 process) the integrity of any Network Competition (as and where required) associated with CATOs and the ESOs Network Services Procurement processes. For example, to reserve a connection/interface bay at two different points on the transmission system to provide to a CATO once they have been appointed via a network competition and to avoid those points (required for the 'to be appointed' CATO) being allocated to connect in-scope projects which have met the Gate 2 criteria.

- To protect (through the Gate 1 Process) the integrity of more co-ordinated network design (as and where required) associated with offshore projects. This includes the aforementioned offshore process difference for Interconnectors and OHAs whereby a connection point and capacity are reserved as part of the Gate 1 Process, subject to those projects accepting a Gate 2 offer (having applied once they have met the Gate 2 Criteria) by the longstop date described in Element 8. For example, the ESO co-ordinated network design processes may indicate the preferred connection point for an interconnector and the preferred interface point for future co-ordinated offshore transmission associated with seabed to be leased to offshore wind farms (as part of the Gate 1 process). Those connection/interface points and the associated capacity will then be reserved by the ESO. This will be to avoid those connection/interface points and the associated capacity (which is required for a co-ordinated connection of the interconnector and offshore wind farms) being allocated to connect in-scope projects which have met the Gate 2 criteria.

This combined with Project Designation in Element 9 can be simply visualised as follows. However, please note that Connection Point and Capacity Reservation and Project Designation are separate and independent processes.

Reservation and Project Designation Interactions

The chevrons below reflect the application periods related to the proposals and indicate when Connection Point and Capacity Reservation and/or Project Designation could be applicable. The following table then notes the potential interactions with each other and process stages.



No.	Description
1	The ESO may in some circumstances designate a project to bypass the Gate 1 Process.
2	The ESO may seek to reserve a connection point and/or capacity to faciliate or protect the integrity of network design related to Offshore Co-ordination.
3	The ESO may seek to reserve a connection point and/or capacity to faciliate or protect the integrity of network design related to Network Services Procurement or Network Competition.
4	The ESO may in some circumstances designate a project which has met the Gate 2 Criteria i.e. to prioritise in the provision of a connection point and connection date.

Element 11. Setting out the criteria for demonstrating Gate 2 has been achieved and setting out the obligations imposed once Gate 2 has been achieved

- **Incorporate necessary amendments of M1 and M3 Queue Management Milestones[20]**

As described in Element 1 above, it is proposed that whilst the concept of the Gate 2 criteria (and the relevance/interaction of the Gate 2 criteria to developers entering a Gate 2 process to be allocated a confirmed connection date and connection point) should be codified, the Gate 2 criteria themselves should not be codified and they should sit in accompanying proposed Methodology, proposed to be approved by the Authority. This is on the basis/assumption that the Authority sets out the consultation, governance and approvals process(es) in relation to the Gate 2 Criteria in the ESO licence. For the avoidance of doubt, the Proposer anticipates that the amended queue management milestones would remain codified, with a resulting need to update the ESO guidance related to Queue Management introduced by CMP376. Associated changes to align Queue Management for Distribution connecting projects will be led by the ENA and sits outside of this code modification.

11.1 Gate 2 Criteria

[20] https://www.nationalgrideso.com/document/294156/download - see CUSC Section 16.3, which provides detail on the Queue Management Milestones.

The Proposer intends that the criteria to meet Gate 2 will be:

- The developer has secured the rights to lease or own the land (or already leases or owns the land) for the site on which their project is planned to be located. Please note that a developer having an exclusivity agreement is not sufficient evidence of such land rights for the purposes of meeting Gate 2. Therefore, essentially this is the current M3 milestone amended to remove the exclusivity agreement route to meeting M3).

    - This relates to 100% of the land which is required for their project to meet the Gate 2 criteria. This 100% requirement will be calculated using the Energy Density Table as defined under CMP427 and contained in the ESO guidance document (which will need to be updated to incorporate offshore projects)[21].

    - The developer would also need to provide a red line boundary for their project site showing the land they have secured, as above. Note that this does not have to correspond to the red line boundary set out in the Letter of Authority submitted at Gate 1, provided the difference is an allowed change within the planned ESO's Significant Modification Application guidance.

    - Any Option Agreement(s) (taking into account rent-free periods) must have at least a 3-year period. There will be an ongoing requirement for the developer to keep the land under option by seeking further agreements (or keeping or extending the same agreement already in place) with the landowner until the Completion Date of the project.

    - Any Option Agreement is accompanied by a lease or purchase agreement, which must reflect the typical minimum operational timelines for that type of project – it is currently suggested this will be for 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 the Gate 2 evidence to the ESO.

Note the Proposer does not propose a Gate 2 criteria exemption under CMP434 for developers who need to obtain land via compulsory purchase order powers.

In terms of securing land, as above, there are proposed to be minor differences of approach for Offshore Wind, Offshore Hybrid Assets and Interconnectors to reflect the practicalities of how they would meet Gate 2. These are shown in the table below:

[21] It should be noted that the Land Density Table is indicative and Developers may request ESO to consider reduced areas and/or different values for technologies that are not listed.

All Technologies (Except OHAs and Interconnectors)	OHAs and Interconnectors
Secured the rights to lease or own the land/seabed (or already leases or owns the land/seabed) of the site on which the project is planned to be located.	Secured the rights to lease or own the land (or already leases or owns the land) for the Onshore Convertor Substation.

11.2 Gate 2 – Ongoing Compliance

Once a project is within Gate 2 (i.e. once the developer has applied for / accepted and signed a Gate 2 offer):

- There will be ongoing land requirements (on the developer); and
- There will be a requirement (on the developer) to submit the project's application for planning consent at the earlier of:
    - The Queue Management Milestone M1 ("M1") calculated back from the connection date (as per current CMP376 arrangements); or
    - M1 calculated forwards (based on a standard time period for each planning type) to move from acceptance of the Gate 2 offer to M1.

The Proposer proposes that the above change to the requirements for Queue Management Milestone M1 will be codified in CUSC.

The above points are further described in the sub-elements 11.3 and 11.4 below.

As at the time of this consultation, the Proposer is currently considering whether more Queue Management Milestones[22] should become forward calculated to incentivise developers to delivery, including (but not limited to) the Queue Management Milestone M2 ("M2") and also how the ESO mitigates the risk of asking a developer to submit their application for planning consent earlier than they would in their development cycle (with the risk this could expire and any planning consent extension, from the Planning Authority, is not automatic). The Proposer will consider views on this as part of this Workgroup Consultation.

For the avoidance of doubt Relevant Small, Medium and Large Embedded Generators' Queue Management Milestones will continue to be managed by DNOs or Transmission Connected iDNOs.

11.3 Ongoing Gate 2 Compliance – Land Requirements

Although there will be an obligation for a developer to continue to show they have the appropriate land rights (as described above), measures would also be put in place to ensure developers cannot amend their project site location beyond Gate 2 such that they are actually developing a completely new site. It is therefore proposed to use the red line

[22] Work on alignment of Queue Management Milestones with Distribution Queue Management is being done via the associated ENA Working Group and is outside of the scope of this code modification.

boundary for the project site provided at Gate 2 (the “original red line boundary”) as a basis for any ongoing compliance in relation to secured land. Any amendments made, by the developer, to the red line boundary post achievement of Gate 2 will have to meet criteria which would be specified by the ESO in the proposed Gate 2 Criteria Methodology.

The Proposer’s current proposal for red line boundary compliance (which is planned to be housed in the accompanying proposed Gate 2 Criteria Methodology) is that at each Queue Management Milestone, the developer has 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 (i.e. TEC or Demand equivalent MW) of all technologies in the Connection Agreement.

If this does not occur, the ESO will use the existing rights under the CUSC (introduced by CAP150, but which may need to be amended) to remove and/or reduce the capacity of one or more of those technologies for that developer’s project.

In addition, 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 planned to be (or actually) built within the original red line boundary. The proposal is that for whatever capacity is built within the original red line boundary, only 50%[23] 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: 1000MW TEC

- 500MW in the original red line Boundary.
- The allowance for 50% on top of what is within the original red line boundary means that 250MW (i.e. 50% of the 500MW within the original red line boundary) will be allowed outside the original red line boundary.
- Therefore the original 1000MW TEC applied for will be reduced to 750MW.
- The developer will need to reapply for the other 250MW at the next Gate 1 window.

Example 2: 1000MW TEC

- 667MW in the original red line boundary.
- The allowance for 50% on top of what is within the original red line boundary, means that 333MW (i.e. 50% of the 667MW within the original red line boundary) will be allowed outside of the original red line boundary.
- No TEC reduction.

Example 3: 1000MW TEC

- 700MW in the original red line boundary.

[23] Broadly consistent with the methodology currently applied by NGED (NGED allows a 50% increase in project’s Red Line Boundary).

- The allowance for 50% on top of what is within the original red line boundary, means that 350MW[24] (i.e. 50% of the 700MW within the original red line boundary) will be allowed outside the original red line boundary.

- No TEC reduction.

If the overall contracted capacity needs to be reduced (e.g. as per Example 1 above) then the ESO would use the existing capacity reduction rights under the CUSC (introduced by CAP150, but which may need to be amended for this purpose) to reduce capacity to the lower value. The Proposer's current intention is not to proceed with the option of "No more than 'X%' change to the red line boundary once Gate 2 has been met" as could allow developers to build 100% of the site outside of the original red line boundary.

11.4 Ongoing Gate 2 Compliance – Planning

The proposed Gate 2 criteria on its own should provide a good mechanism for ensuring 'readier' projects are in the connections queue. However, the Proposer considers that there should be ongoing incentives and obligations placed on developers beyond Gate 2 to ensure that projects are viable and continue to be developed at an efficient pace. If the submission of the application for planning (Queue Management Milestone (M1)) is forward calculated from Gate 2 offer acceptance date (as is proposed) the Proposer believes this provides an appropriate incentive for projects to progress from Gate 2 towards connection.

There will therefore be a requirement, with this proposal, for developers 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 arrangements); 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.

The Proposal (with a comparison based on the views of some of the Workgroup) is set out as follows.

Planning Type	Proposal, assuming some land and planning work are done in parallel	Typical timescales based on views of some Workgroup Members
Town and Country Planning (Scotland/England/Wales)	1 Year	1.5 Years
Section 36 (England/Scotland)	1 Year	1.5 Years
Development of National Significance (Wales)	1.5 Years	2 Years
NSIP / DCO (England)	2 Years	3 Years

[24] However, as the total TEC is 1000MW, only 300MW (of the 350MW) will be allowed outside the original red line boundary to ensure the total TEC of 1000MW is not exceeded. This example (and the others) use TEC to illustrate how TEC would be impacted. This does not preclude a developer building up to their installed capacity (so long as the other aspects of these requirements are complied with) and all this example is trying to illustrate is that any TEC beyond contracted TEC (1000MW) needs to be applied for via a new application.

Note:

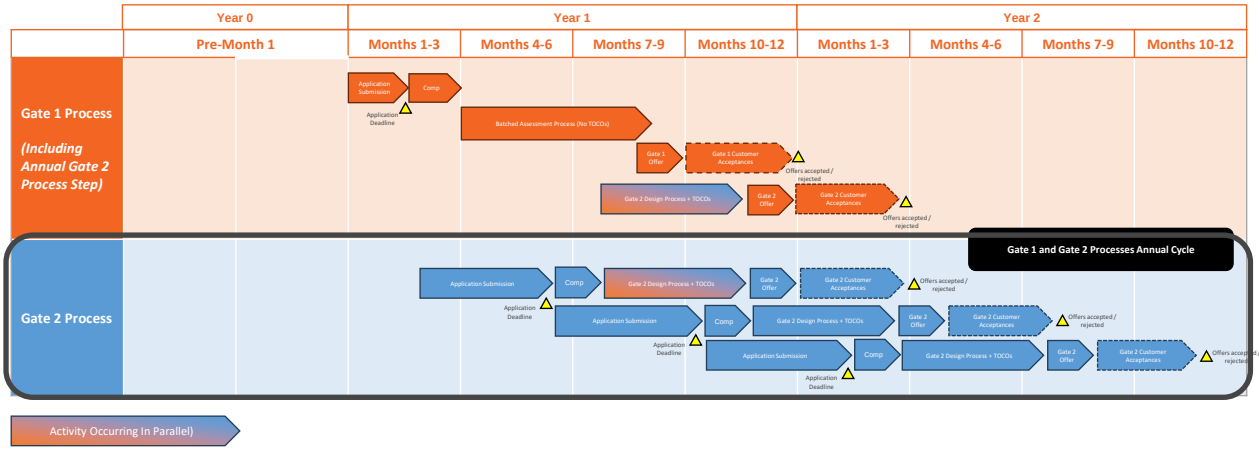
- No definitive timescale provided for Offshore at this stage within the Proposal;
- These are the key planning types identified by the Workgroup; and
- Associated changes to align Queue Management for Distribution connecting projects will be led by the ENA and sits outside of this code modification.

Element 12. Setting out the general arrangements in relation to Gate 2

The following diagram (found in Annex 4) provides a high-level overview of the current intent for the proposed Gate 1 Process and Gate 2 Process.

The appropriate level of codification related to frequency and duration of such processes remains to be confirmed, but as the current codified process timescales are derived from the ESO and TO transmission licences this will in part depend upon changes to licence. The Proposer therefore plans to keep the frequency and duration of the process, as well as the process steps, under review based on stakeholder feedback to this consultation.

Indicative Process Timeline (as set in in Annex 4)



Developers (including via the relevant DNO or transmission connected iDNO in the case of relevant small and medium embedded generators) will only be able to submit a Gate 2 Application to the ESO once they have met the Gate 2 criteria.

It is the current intention to consider applications for Gate 2 in groups at regular intervals (with frequency to be confirmed[25] and Annex 4 showing a proposed overall process) throughout the year, with one of those each year being aligned with the relevant Gate 2 design stage of the annual application window i.e. for projects which applied within an application window already having met the Gate 2 criteria (and noting that a project needs to meet the Gate 1 criteria prior to applying for Gate 2, unless exempted via Project Designation in exceptional circumstances as described in Element 9 above).

[25] It is currently suggested that there will be three such tranches per year as set out in Annex 4.

Projects that are related to either a Relevant Embedded Small or a Medium Power Station will need to notify their DNO / transmission connected iDNO once they have met the Gate 2 criteria. If the DNO / transmission connected iDNO agrees that they have met the Gate 2 criteria, the DNO / transmission connected iDNO should then submit a Gate 2 application in the next Gate 2 application window to the ESO, which will be assessed within the relevant Gate 2 tranche, as above. The assessment of these projects within Gate 2 will be on the same basis as a request for Project Progression/Transmission Impact Assessment, as it is today.

All projects that meet the Gate 2 criteria and submit an application in a Gate 2 window will receive a Gate 2 offer (and for Relevant Embedded Small/Medium Power Stations, the DNO / transmission connected iDNO will receive the Gate 2 offer - from the ESO - who will reflect the terms of that offer in their agreements with their customers, as they do today).

The Gate 2 offer will contain:

- A confirmed connection date and connection point, but with contractual reopeners as they exist today in relation to confirmed connection dates and connection points e.g. being subject to TO consenting and delivery of reinforcement works, etc.
- The suite of Appendices for any applicable Agreements will then be populated including listing relevant reinforcement works for their project (and listing those reinforcement works which are securable). As such those projects will become liable for the appropriate Cancellation Charges/Final Sums and will be required to provide security from point of acceptance of their Gate 2 offer.
- A requirement to comply with the (to be revised, as above in Element 11) relevant Queue Management Milestones.

As part of that Gate 2 application, a developer could also request an earlier non-firm access (and/or a design variation), per existing arrangements.

Developers who have already met the Gate 2 criteria at the point of their Gate 1 application, who also submit the Gate 2 evidence within an annual Gate 1 application window, will be provided with a Gate 2 offer (as above) (as per the process timescales in Annex 4) rather than a Gate 1 offer.

Element 13. Gate 2 Criteria Evidence Assessment

The Gate 2 criteria evidence assessment will be set out in the Gate 2 criteria methodology. The below sets out the evidence that the Proposer intends that developers will need to provide to the ESO (or, in respect of Relevant Small and Medium Embedded Generation, to the DNO or transmission connected iDNO). Where an Embedded Small or Medium Generator also holds a BEGA, the checks are undertaken by the DNO or Transmission connected iDNO and not the ESO, whereas for a Large Embedded Generator, the checks are undertaken by the ESO, not the DNO or transmission connected iDNO.

A Self-Declaration Letter, which must be signed by a Director of the developer applying and this letter must show the following:

- The date the project achieved the Gate 2 criteria (i.e. the date they actually secured the requisite land rights).

- The red line boundary for the project site upon which the project will be located and confirmed to meet or exceed the minimum land density requirements (as per the ESO's Energy Land Density Table introduced by CMP427).
- The land status information; i.e. whether all or some of land is already owned or leased (for the operational life of the project), or whether an option agreement is in place in respect for a lease or purchase of the land.
    - If not already owned/leased, the parameters of length of option agreement in respect of lease or purchase.
    - (If applicable) the parameters of the length of the lease (and that this or any extension will cover the operational life of the project).
- A statement that to the Director's best knowledge, no-one else has any rights over the land (for the purposes of energy[26]) and that it does not overlap in relation to mutual exclusive usage.
- Statement that to the Director's best knowledge, the developer is not applying for both transmission and distribution with the same land.
- Upload (the intention is that this will be to the ESO's Connection Portal) evidence they have secured the necessary land rights in accordance with current proposed Gate 2 criteria.

The Proposer proposes a template will be created to facilitate this process, and this will be mirrored across Transmission and Distribution and there will be accompanying guidance.

In terms of checks, the ESO or DNO/transmission connected iDNO will verify that the Director, for Limited and plc companies, is on Companies House register. If a company is not listed with Companies House, the ESO will utilise publicly available information to seek to verify that the person who signs the Self-Declaration Letter is an authorised individual. The Proposer recommends that a Covering Letter is provided, by the project, to the ESO if clarification is required regarding an organisational structure to assist the ESO in performing this verification.

In addition, the ESO or DNO/transmission connected iDNO will check that all the statements (rather than the underlying evidence) set out in Self-Certifications meet the Gate 2 criteria.

However, there will also be sample checks (the minimum percentage size of the sample to be defined by ESO/DNO/transmission connected iDNO) of the evidence of secured land rights including duplication checks (such as the extent to which the red line boundary for new applications for projects, that meet Gate 2, should not overlap with the red line boundary for any other site(s) with any other project(s) that are already within the Gate 2 project pool or projects applying in the same Gate 2 window.

Where a duplicate is identified, queries will be raised by the ESO with the applicant in an attempt to understand the context of why this is the case for that project. However, if the ESO is not satisfied that the overlapping boundaries will be able to accommodate the development of the project, the applicant will be deemed to have not met Gate 2 criteria.

[26] It may, for example, be the case that the land might be used for other, non-energy related, purposes such as agricultural (e.g grazing sheep at a wind farm or solar installation) or leisure usage (e.g mountain-bike tracks at a wind farm).

Element 14. Gate 2 Offer and Project Site Location Change

The connection point requested by developers in the Gate 2 process could be different to what is offered in the Gate 2 offer and this could cause issues for the developer in relation to project viability.

The proposal to address this potential issue is for a 12 month time period from the acceptance (by a developer) of a Gate 2 offer whereby that developer would be able to move their project site location closer to the connection point offered/contracted at Gate 2 without affecting that projects' queue position providing the developer can demonstrate that they meet the Gate 2 criteria at that new project site location within that 12 month time period. If not, then that project would revert to being a Gate 1 project. This option only applies where the connection point offered/contracted at Gate 2 is different from the preferred/requested one in the Gate 2 application submitted by the developer.

To trigger this option a developer would need to inform the ESO in a reasonable period of time prior to acceptance (by the developer) of the Gate 2 offer so that situation specific clauses could be inserted into the connection offer via reissue i.e. to not apply the post-Gate 2 obligations (such as the forward looking QM Milestones or liabilities and securities) until the Gate 2 criteria have been met at the new project site location.

If the developer achieved the Gate 2 criteria at the new project site location and then clock started a standard 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 project would revert to a Gate 1 position and lose their queue position. Ongoing Gate 2 requirements (including compliance with the forward-facing milestone(s) would apply in respect of the connection date within the 'new' Gate 2 offer.

As triggering this option could result in adverse consequences[27], the only developers likely to trigger it are likely to be those whose projects were materially adversely impacted by the connection point being offered at a different location to the one they preferred/requested. Therefore, the risk of creating a perverse incentive for developers to trigger such an option are expected by the Proposer to be low.

However, to mitigate against the potential for a developer to seek to avoid QM Milestones and liabilities and securities for up to 12 months before then choosing to remain at the same ('old') project site location, the triggering of this option would need to forfeit the ability of the developer to remain at the same ('old') project site location (i.e. the one which triggered the Gate 2 criteria in the first place).

[27] More specifically, a later connection date than first offered when the project was provided with a Gate 2 offer (due to the time interval), additional cost and effort for the developer (to move their project to a new site location) and a risk of loss of queue position (arising from the 'old' project site), if the project does not meet the Gate 2 criteria at that new project site location within that 12 month time period.

Element 15. Changing the offer and acceptance timescales to align with the Primary Process timescales (e.g. a move away from three months for making licenced offers)

The Proposer's initial view on timescales for each part of the Primary Process is that there will need to be a change to the current codified/licence application and offer timescales to align with the Primary Process timescales (e.g. a move away from applying at any time and three months for making licenced offers).[28]

Arrangements will also need to be included in relation to the proposed new methodologies that are planned to be introduced as described further in Element 1 above. This will also require ESO (and potentially TO) licence changes, which are expected to be consulted upon by Ofgem in due course (and ahead of 'go-live', which is, at the time of the consultation, anticipated to be 1 January 2025).

Element 16. Introducing the proposed Connections Network Design Methodology (CNDM)

This proposal will require the development of a new proposed ESO/TO CNDM, to set out how connections network design will be undertaken in relation to Gate 1 and Gate 2 processes in the future. As well as the proposed CNDM setting out how capacity will be allocated, the Proposer is also expecting to include within the proposed CNDM a new "capacity reallocation mechanism" to determine how capacity released by terminated projects will be reallocated.

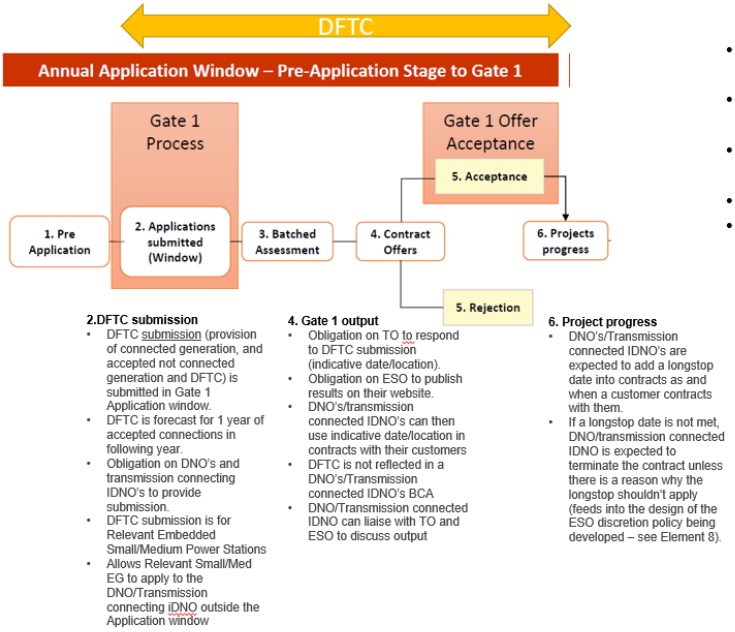
The Proposer intends that this new proposed CNDM (and thus its contents) should not be codified (other than at a high-level to set out the relevance in the context of the process). This is on the basis/assumption that the Authority introduces a licence obligation for ESO/TOs to have this proposed Methodology in place, and that the Authority also set out in licence the consultation, governance and approvals process(es) in relation to such a proposed CNDM. Further information on this is set out in Element 1 above.

As a consequence of the introduction of the proposed CNDM the Interactivity Guidance Policy would also likely need to be updated by the ESO, to reflect the fact that first come first served capacity allocation will no longer be applicable. Therefore, interactivity policy will need to be different (if even remaining applicable) to reflect the capacity allocation and reallocation approach developed/approved within the proposed CNDM.

[28] More indicative detail on the Gate 1 and Gate 2 Process timescales are set out in Annex 4. As currently proposed it is expected that the shortest time period from submission of a Gate 1 application to signature of a Gate 2 offer is around 46 weeks.

Element 17. Introducing the concept of a Distribution Forecasted Transmission Capacity (DFTC) submission process for Distribution Network Operators (DNOs) and transmission connected Independent Distribution Network Operators (iDNOs) to forecast capacity on an anticipatory basis for Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations[29] aligned to the Gate 1 Application Window

It is proposed that a DFTC approach will be introduced, as part of TM04+, which will result in each DNO/ transmission connected iDNO providing a submission aligned to the Gate 1 window, to the ESO, which includes a forward-looking view of forecasted MW volume of connections (i.e. the DFTC) to that DNOs/ transmission connected iDNOs network that may be made in the future, as well as a view of connected generation and accepted but not connected generation. The introduction of the DFTC will result in the increased visibility to the ESO and TO of Relevant Embedded Small and Medium Power Stations, including forecasted information at a GSP and technology type level. As the forecast is looking at the wider network, the forecast is not provided by the DNO/ transmission connected iDNO at an individual project level.



- DNO's and transmission connection IDNO's complete the DFTC submission
- DFTC is submitted in the Gate 1 Application window (2).
- The DFTC does not result back in a Gate 1 offer (4 and 5). It results in a Gate 1 output.
- There is no fee for the DFTC submission
- ENA guidance document to house the DFTC submission template and to cover guidance from Applications submitted up to Gate 2 output.

As part of the DFTC approach, directly connected DNOs and transmission connected iDNOs will have to provide a DFTC submission (separately, to the ESO) when their GSP is connected and for any new GSP that is planned to be delivered. The CUSC does not differentiate between a DNO/iDNO that is connected to the transmission system in GB and states "*any User who owns or operates a Distribution System*". For the purposes of these proposals the relevant parties that will be required to submit a DFTC submission are a

[29] Any distribution connecting projects which are above the upper threshold of the range for use of DFTC (i.e. projects which are 100MW and above in England and Wales, 30MW and above in Southern Scotland and 10MW and above in Northern Scotland) will need to submit a connection application direct to the ESO. It is expected that this will be via the primary process (i.e. either a Gate 1 or Gate 2 application window). For the avoidance of doubt, Embedded Large Power Stations are not in scope of DFTC (whether they are Bilateral Embedded Generator Agreements (BEGA) or Bilateral Embedded Licence Exemptible Large Power Station Agreements (BELLAs)).

DNO and a transmission connected iDNO and not those iDNOs that are embedded within a distribution network.

The proposed solution is not proposing to adjust the existing thresholds across the three onshore TO's for Relevant Embedded Small/Medium Power Stations as the existing thresholds cater for the different characteristics of each network. In addition, engagement with the DNO and TO community has not suggested alignment is desired due to the differing impact a large MW Power Station could have on the NETS across these 3 TO network areas and the potential impact of a change in the lower limit thresholds on connection reform initiatives being led by the Energy Networks Association *Strategic Connections Group*. It is also not proposed to create a definition in the CUSC of a DFTC threshold, recognising that Relevant Small/Medium Power Stations exist already in the CUSC and a change to thresholds in the Grid Code would likely require a CUSC modification to be raised to address the consequential impacts on the CUSC.

There will be an obligation for DNOs and transmission connected iDNOs to provide a DFTC submission, to the ESO, in the Gate 1 annual application window and the DNOs and transmission connected iDNOs will use best endeavours to create a reasonable DFTC forecast when making their submission to the ESO within this window.

According to the Proposer having the ESO and TOs receiving both the Transmission applications (from developers et al) and the DFTC submissions from the DNOs and transmission connected iDNOs at the same time, allows for a more coordinated network design and helps inform the Gate 1 plans for building future network capacity.

It is proposed that there will be no application fee for the DNOs or transmission connected iDNOs to pay for the DFTC submissions. This is because the Proposer does not consider it to be an application but more akin to the week 24 demand forecast process. As such, evidence of a LoA should not be required as part of the DFTC submission. In addition, the capacity associated with this DFTC will not be securable, by the DNOs or transmission connected iDNOs to the ESO, under the prevailing approach to Gate 1 liability and security.

While the obligations on the ESO and DNOs and transmission connected iDNOs to make a DFTC submission and follow the proposed process will be contained in the CUSC, it is proposed that the working level processes that exist between the ESO, DNOs and transmission connected iDNOs; that relate to the DFTC are not within the scope of this Code Modification. This aspect will be progressed separately through the Energy Networks Association (ENA) via a proposal Distribution guidance document and subject to ENA governance and approval by ENA members.

For CMP434 'go live' (which, at the time of this consultation, is anticipated to be 1 January 2025), the Proposer's initial thinking is that the DFTC forecast may only cover a 12 month period in the 2025 submission. However, for subsequent years, the ambition is to extend this out further to align with the existing week 24 submission that are made by the DNOs and transmission connected iDNOs to the ESO, as and when appropriate. The ESO will need to confirm (to the relevant DNOs and transmission connected iDNOs) the length of the forecast information required for the 2025 submission and subsequent years on an annual basis. Any subsequent change to the length of the forecast agreed for CMP434 implementation will have to go through the ENA change process as a required change to

the ENA guidance document and the ESO would need to confirm any amendments to the DFTC submission template as part of the Gate 1 window process of the proposed Connections Network Design Methodology annual review process. Any subsequent change to the length of the forecast agreed for CMP434 implementation will have to go through the ENA change process as a required change to the ENA guidance document and the ESO would need to confirm any amendments to the DFTC submission template as part of the Gate 1 window process of the proposed Connections Network Design Methodology annual review process. So, the DFTC process:

- provides a new mechanism for more strategic connections network planning; and
- is a proxy for a 'standard' Gate 1 application and avoids Relevant Embedded Small/Medium Power Stations needing to wait for the next Gate 1 application window to get a contract (from the DNO/ transmission connected iDNO) with an indicative connection date (from a Transmission perspective).

For the avoidance of doubt, Embedded Large Power Station projects are not within the scope of DFTC. These projects will need to continue to submit a connection application direct to the ESO (whether they are Bilateral Embedded Generator Agreement (BEGAs) or Bilateral Embedded Licence Exemptible Large Power Station Agreements (BELLAs)). It is expected that this will be via the Primary Process (i.e. a Gate1 or Gate 2 application window). These types of projects will also need to continue to apply directly to the DNO/transmission connected IDNO for a Distribution Connection.

Where a Small or Medium Embedded Power Station project intends to hold a BEGA, it is intended that they would still form part of the DNOs or transmission connected iDNOs DFTC submission (at Gate 1) and Gate 2 application submission. They will also need to apply via the Primary Process (i.e. Gate 1 and Gate 2 application windows) direct to the ESO to obtain their BEGA. These projects will also need to continue to apply directly to the DNO or transmission connected iDNO for a Distribution Connection.

The Proposer stated that its medium-term intention is to codify the DFTC (or a successor) via a modification to the Grid Code.

Gate 1 output (Relevant Embedded Generation (EG))

The three onshore TOs will be obliged to assess the DFTC submissions, from the DNOs and transmission connected iDNOs, and respond back to the ESO. This response will give the information that will allow the DNO or transmission connected iDNO to give each Relevant Embedded Small/Medium Power Station project that is contracting with the DNO or transmission connected iDNO an indicative connection date for each GSP. This will be done in the same time frame as the ESO follows with the other Gate 1 offer process.

The three onshore TOs will send a DFTC outcome document to the ESO. The ESO will also publish a response to DFTC outcome document on the ESO website and it will also notify the DNOs and transmission connected iDNOs of the date of publication.

A DNOs or transmission connected iDNOs DFTC submission will not need to be reflected in a DNO's or transmission connected iDNOs BCAs. DNOs and transmission connected iDNOs will have the opportunity to discuss the DFTC outcome document with the ESO and relevant TO.

The indicative connection date provided as part of the Gate 1 output can be included in a DNO's or transmission connected iDNO's customers Distribution connection offer as and when Relevant Embedded Small/Medium Power Station projects apply to connect to the DNO or transmission connected iDNO.

Gate 1 Longstop Date proposal (Relevant EG)

For this group of relevant embedded generation customers, in respect of the longstop date described further in Element 8 above, the mechanism to introduce this will be an obligation on the DNOs and transmission connected iDNOs in the CUSC to include a right for it to terminate in its Embedded Generation agreements if progression, in terms of the Longstop Date, is deemed to be insufficient. The Proposer's view is that this obligation will not need to go into a DNO's or transmission connected iDNO's BCA.

The DNOs and transmission connected iDNOs should monitor and apply this separately for their customers and as such the ESO do not require sight of the DNO or transmission connected iDNO Gate 1 Agreements. The ESO will likely have to provide guidance on how the DNOs and transmission connected iDNOs should apply discretion to extend.

Element 18. Set out the process for how DNOs and transmission connected iDNOs notify the ESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2 criteria

The process for how DNOs and transmission connected iDNOs notify the ESO of Relevant Embedded Small/Medium Power Stations which meet the Gate 2 criteria is largely based around BAU as it is today.

It is proposed that DNOs and transmission connected iDNOs will utilise the existing Project Progression/Transmission Impact Assessment (TIA)[30] process to submit a Gate 2 Application to the ESO on behalf of their embedded customers. A Project Progression can continue to contain multiple applications or one Project Progression submission per project, as is currently the case.

DNOs and transmission connected iDNOs will submit a completed Project Progression template and Data Registration Code (DRC) data[31] to the ESO within the Gate 2 application window[32]. As is today, there will be an application fee (to be paid[33] by the DNO or transmission connected iDNO to the ESO) for this submission by the DNO or transmission connected iDNO and this payment of the application fee forms part of the competency checks, undertaken by the ESO, for the Gate 2 application.

[30] Like today, projects under the lower limit TIA thresholds will not have to go through any Gate 2 process. Current lower limit TIA is E&W 1MW, Scotland South 200kW and Scotland North 50kW.

[31] It is expected that the same DRC/technical data is required as per the existing process for Project Progression/TIA.

[32] It is anticipated, at the time of this consultation, that there will be three such Gate 2 windows per annum.

[33] Which is, in turn, expected to be recovered from their relevant customer(s).

An embedded customer's project will have to meet the Gate 2 criteria to go into the Gate 2 Application process; the Distribution connection offer a project has with the DNO or transmission connected iDNO, will have to be accepted before the DNO or transmission connected iDNO submits a Gate 2 application on behalf of that customer's project.

When an embedded customer's project provides the evidence to the DNO/transmission connected iDNO, the expectation is that the DNO or transmission connected iDNO will include them in the next available Gate 2 application window.

Each DNO and transmission connected iDNO will assess if an embedded customer's project has met the Gate 2 criteria on behalf of the ESO. This will require a change to the Project Progression submission template, as the DNOs and transmission connected iDNOs will need to capture the date and time a project has met the Gate 2 criteria i.e. the date they actually secured the requisite land rights.

Where a Relevant Embedded Small/Medium Power Station requesting a BEGA has put in a Gate 2 application direct to the ESO via the Primary Process at Gate 2, the DNO/transmission connected iDNO when they put the project through the Gate 2 application process, will notify the ESO via the Gate 2 application process of the date the project met Gate 2 criteria.

Details of what the Gate 2 criteria is for Relevant Embedded Small/Medium Power Stations can be found above in the "Gate 2 Criteria Evidence" (as per Element 13 above).

Gate 2 Offer Process (Relevant EG)

It is proposed that the Gate 2 offer process for DNOs and transmission connected iDNOs will be based around the current offer process. In this proposal, the Project Progression is equivalent to a Gate 2 application and the three onshore TOs will produce a TOCO for the Project Progression received from the DNO or transmission connected iDNO, as they do now which is sent to the ESO.

The ESO would then update the necessary contract appendices (and the form of Appendix G will need to be updated to reflect this proposal) and the ESO will prepare the offer which is issued to the DNO or transmission connected iDNO.

The DNO or transmission connected iDNO 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/ transmission connected iDNO, TO and ESO will remain as they are now, as will the DNO transmission connected/iDNO embedded customer arrangements.

The DNO/ transmission connected iDNO will be provided with a confirmed connection date (from a Transmission perspective), full works and costs, including securities, 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 or transmission connected iDNO and pass Gate 2.

Workgroup considerations

The Workgroup convened 16 times to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions, and assess the proposal in terms of the Applicable Code Objectives.

Consideration of the Proposer's solution

Primary Process

Projects

The Proposer clarified that its intention is that the new process would involve an annual application process with 2 formal gates processes to be known as Gate 1 and Gate 2[34]) for in-scope projects, and that this would be applicable to applications received after the go-live date; i.e forward looking[35]; which, at the time of this consultation is expected to be 1 January 2025. However, the Gate 2 criteria will be defined in a separate Methodology document that it not part of this proposal.

The Proposer presented on what new projects would be considered to be in scope and there was Workgroup discussion which allowed the Proposer to further clarify their position. A summary of the projects in scope can be found in the Proposer's solution above, under Element 3.

Process Differences

The Proposer initially highlighted that they intend that offshore projects would have a difference to the Primary Process, with The Crown Estate and Crown Estate Scotland having the option to apply as with any other landowner, or to continue with the developer-led process. Some Workgroup members noted that this obligation may be overly prescriptive, however it was noted that the current LoA provisions (as recently introduced into the CUSC via CMP427) do not cover offshore projects so the CMP434 provisions must be in place for offshore projects, whether a landowner or the developer is applying.

It was noted in the Workgroup that The Crown Estate and Crown Estate Scotland may need to create a feed-in study about how their processes would interact with these CMP434 processes and share this with developers.

However, as a result of the Workgroup discussions the Proposer decided to remove the option for The Crown Estate or Crown Estate Scotland to apply (and follow a different process to other CUSC parties in respect of their application) from the CMP434 proposal (as it was viewed to not be necessarily as part of the MVP proposal).

The Proposer outlined that Relevant Embedded Small/Medium Power Stations would also have a difference within the Primary Process. DNOs and transmission connected iDNOs would be required to make a DFTC submission, to the ESO, during the Gate 1 Application Window which would allow DNOs / transmission connected iDNOs to forecast capacity on behalf of this customer group on an anticipatory basis so that DNOs and iDNOs can

[34] These are shown in Element 2.

[35] Note a separate modification, CMP435, deals with the application of the Gate 1 and Gate 2 process to existing contracted projects.

continue to make connection offers to their small / medium customers without their customers needing to wait for an application window. Workgroup comments included that this may incentivise connection of smaller generation at DNO/iDNO level (as a project proceeds straight to Gate 2) thereby creating a new consequential distortion to the market.

It was also noted that this could also risk sterilising Gate 1 capacity and that this may need to be mitigated. One workgroup member stated their view that they did not understand how this could be the case if Gate 1 offers do not have a queue position.

The Proposer outlined that new Embedded Demand is not in scope of CMP434. The Proposer also outlined that new GSPs for transmission connected iDNOs and DNOs not related to an Embedded Generator project are not in scope for CMP434.

Please see the table in Element 3 of the Proposer's Solution.

Significant Modification Applications

The Proposer presented their views on which contract change requests would need to follow the Primary Process.

The Proposer also advised that they intend to codify the concept of a significant change and noted that significant change requests (via modification applications) received from in scope projects will only be permitted within the application windows related to the relevant process gate.

However, to support understanding of the intent of this aspect of the proposal the Proposer provided views on which circumstances could be considered to require a Significant Modification Application, with the Proposer providing a work in progress table summarising this, which can be found at Annex 5. As a result, Workgroup members had several concerns in relation to this aspect of the proposal. Please note that some of these concerns (and some of the related Proposer views) relate to discussion on earlier versions of this element of the proposal. The proposal in its current form can be found within Element 4.

Workgroup members queried how system service applications interact with the Primary Process. The Proposer confirmed that if the alteration to the existing connection had no impact on power flows, on the transmission system, then this type of project would not have to go through the Primary Process.

Workgroup members queried how changes to signed Gate 1 contracts are different to the current application process. The Proposer clarified that the proposed model allows the ESO to keep track of changes to Gate 1 applications, rather than requiring a new application to be made (by allowing a modification to the existing Gate 1 application at the next relevant window). Members also queried what would happen if the project location needed to be changed for network reasons rather than economic reasons. The Proposer clarified that the same process would apply, to avoid possible gaming of the connection process.

Workgroup members queried if changes within a type of technology (such as changing inverters) would be allowed. The Proposer clarified that the restriction on technology changes would be for changing across technology types, such as a partial or full change in technology type (e.g. wind to combined wind and solar site, or wind to solar entirely).

Workgroup members cautioned that not allowing changes could lead to gaming of the connection application process through having developers submit multiple similar applications.

The Workgroup queried whether existing Generators would be allowed to change without applying through the Primary Process. This was confirmed by the Proposer.

Workgroup members queried when dates would be given, in the new process, to developers and noted that they would like confirmation that applicants would not be given dates further in the future than their indicative offer. The Proposer confirmed that the connection dates offered, at Gate 2, to developers may be later than the indicative connection dates that were provided, at Gate 1, to those same developers. Another Workgroup member queried whether parties could have visibility of date changes and queue management changes.

The Workgroup queried whether changes to Appendix O and F[36] would count as minor changes; the Proposer confirmed that changes could happen outside the Primary Process if the ESO obligations can be fulfilled without having to complete a new power flow study. They also clarified that minor changes would be allowed to happen outside of the Primary Process.

The Proposer noted that reasonable changes to the project site location due to normal project development would not be considered to be significant changes, but that fundamental changes to location relative to the initial requested connection point would be significant changes requiring a significant modification application. The Workgroup asked the Proposer to clarify how much location change would be allowed outside of a significant modification application. The Workgroup noted that changes to project site boundary may need to be clarified in respect to how England and Wales differ from Scotland.

In response to the proposal to require the ESO to publish an accompanying Guidance document clarifying the interpretation of Significant Modification Applications, Workgroup members provided feedback that there should be wider industry engagement around this document to form views on the complete proposals. The Proposer stated that it will consider how to engage industry on the contents of the Guidance document to support this code change around significant changes.

The Proposer noted that further changes to the position noted in the proposed position for guidance, were required following the removal of Capacity Holding Security from the scope of this CMP434 proposal and the Proposer agreed to update the Significant Modification Application guidance to reflect this in the future. In the absence of further detail and / or legal text, the Workgroup did not reach a consensus on whether principle based guidance or an exhaustive list for significant change would be most efficient.

The Proposer outlined the intended process flow for Modification Applications requesting a technology change, including the process for determining whether the technology change request would constitute a significant change. This proposed process is applicable for Transmission connected customers only. Workgroup members questioned if the removal

[36] Which are found in some parties CUSC related contractual agreements with the ESO.

of technology should always be allowed, and not considered a significant change. A number of potential approaches were suggested by the Workgroup. Workgroup members also questioned if all technology change requests should be considered to be placed at the back of the queue to avoid confusion in the categories of Modification Applications. The Workgroup questioned if a Modification Application for a technology change post-Gate 2 could result in a changed point of connection, which may implicate land requirements.

Workgroup members also sought clarification on the queue position for Gate 2 modification applications around technology change.

The Proposer clarified that the Gate 2 queue positions for applications submitted within the same Gate 2 Window are proposed to be based on the time at which the Gate 2 criteria is met by each individual project, within the respective Gate 2 batch; i.e. if Project A obtains its land on 1st July 2024 and Project B on 2nd July 2024, then Project A would be placed ahead of Project B in the queue. However, it was later confirmed by the Proposer that their Proposal now intends that queue position allocation would be set out in the proposed Gate 2 Methodology and/or proposed CNDM, rather than being specific within the CUSC.

Workgroup members also questioned whether a significant change would always be processed in the next Gate 2 window, or whether a significant change could ever have to go through the next Gate 1 window. The Proposer stated that “generally” it expected significant changes to be processed in the next Gate 2 window; however, they propose to retain the power for the ESO to require a significant change to go through the next Gate 1 window at its (ESO) discretion.

The Proposer stated its intention that a significant change would only be required to be processed in the next Gate 1 (excluding TEC increases which would always be Gate 1) application window if it was extremely significant and that the Proposer deemed this appropriate. The Proposer’s solution has since evolved and this is set out in Element 4. Workgroup members felt it was not clear what was being proposed in terms of impact on queue position of significant changes; i.e. would they never/sometimes/always lead to loss of queue position?

The Workgroup noted that the term ‘significant’ was confusing and requested that the Proposer change the terminology regarding this. Workgroup members also noted that the term ‘material effect’ is already defined in the CUSC and that a different terminology should be used in relation to material impacts that determine whether a change is ‘significant’. The Proposer agreed to consider this when drafting the guidance document(s) and CUSC legal text for this CMP434 proposal.

The Proposer discussed with the Workgroup that the intention is to codify the concept of a significant change but does not intend to be provide an exhaustive list of examples. The Workgroup had a discussion on what changes they thought should be allowed at each milestone, and which changes would require the ESO to conduct additional system studies. The Proposer clarified that a significant change would be one which has (or may have) a considerable impact on either the design or operation of the NETS, or an impact on other Users of the NETS.

The Proposer also presented its proposal to introduce a new "Material Technology Change" policy, which is not part of this proposal. Workgroup members expressed confusion on the interaction between Significant Modification Applications and Material Technology Changes, including in relation to which modification applications would have to go back through Gate 1 or Gate 2, and which modification applications would lead to a loss of queue position.

Gate 1

Application Criteria and Process

The Proposer outlined the proposed Gate 1 application criteria, which includes (i) the relevant application form, (ii) DRC data, and (iii) LoA[37] (or LoA offshore equivalent), Gate 2 criteria evidence (only if projects are applying for both Gates together), and payment of the application fee invoice.

It is proposed that the DNOs and transmission connected iDNOs will provide a DFTC submission during the Gate 1 Application window. There would also be no application fee being applied to the DNOs or transmission connected iDNOs for their DFTC submission. For iDNOs that connect into Distribution, their DFTC submission will be through the DNO or transmission connected iDNO.

Workgroup members noted that not applying an application fee to the DNO(s) or transmission connected iDNO(s) for their DFTC submission(s) when the ESO and TOs would be incurring costs to assess, as part of the Gate 1 process, the capacity included within the DFTC submission(s); would not be cost reflective. Furthermore, as an application fee would be applied to all other parties seeking a Gate 1 offer this would also appear not to be a 'level playing field'.

The Workgroup queried whether the Gate 1 criteria shared applies equally to Transmission or Distribution. The Proposer noted that the criteria are mostly per status quo, but with differences in how the process is applied in relation to Offshore and DFTC.

Workgroup members queried why there is an application window, rather than a deadline (in this sense a deadline being the opening of an application window in a previous window where no processing would be done until the new window was opened, but simply to allow developers more time to submit the relevant documents). The Proposer clarified that this was so the preceding window could be completed and to reduce the likelihood of using outdated information.

The Workgroup noted that if the timeline remains as proposed for the Gate 1 process, that developers would need time to query the ESO and TOs on their application to ensure they did not miss the application window. The Workgroup queried if applicants could request an extension to the signing period if their queries are not answered in time. The Proposer stated that the ESO should consider those on a case by case basis.

The Workgroup asked if the contract offered in Gate 1 would be legally binding and it was confirmed that it would be legally binding on both the developer and the ESO in respect of any included rights and obligations. ESO Legal stated that the contract offer will include

[37] As introduced by CMP427.

indicative information in respect of connection site and connection point in Gate 1, then confirmed information (which could be different) at Gate 2.

In response to Workgroup members querying what the purpose of Gate 1 was, the Proposer noted that it was to allow developers to provide sight of their project (to the ESO and TOs) and therefore for the potential for early design work to be undertaken. The Proposer noted that this foresight should reduce the likelihood of transmission works being on the developer's critical path to connection. It was noted that the Transmission Owners would not be providing or be expected to provide any substantive analysis of the applications / submission received at Gate 1.

The Workgroup queried when duplication checks on the RLBs would be undertaken; the Proposer confirmed that the intention was to do this after the Gate 2 applications have been received by the ESO.

In response to questioning, the Proposer confirmed that a developer could apply for both Gate 1 and Gate 2 in the annual application window. The Proposer noted that the developer would only have to submit one application and suggested that a combined application would result in an earlier issuing of a Gate 2 offer (vs separate Gate 1 and Gate 2 applications) which could benefit the developer as they would have a queue position assigned quicker vs two separate applications. The Workgroup expressed there has not been much in the Proposers solution on this and that this should be noted.

Licence Changes

The Proposer advised that there will be changes required to the ESO licence as a result of this modification and noted that they have shared their initial views with the Authority. They advised that licenced offer timescales for the Primary Process would need to be amended (which would then need to be reflected into the CUSC). They also noted that new licence obligations would need to be introduced, relating to (i) the Connections Network Design Methodology (CNDM), (ii) the Gate 2 Criteria Methodology and (iii) the Project Designation Methodology. It was noted that this is not the only available approach and that methodologies could be governed under the CUSC.

Gate 1 Longstop Date

The Proposer advised that a longstop date would be incorporated into their proposal to replace their initial concept of the Gate 1 capacity holding security[38]. The longstop date is proposed to place a time limit between Gate 1 offer acceptance being signed by the developer and Gate 2 offer acceptance being signed by the developer, with the time limit being a forward calculated date of 3 years, which the ESO to have discretion to extend. The Proposer clarified that the longstop date is being introduced to discourage projects from spending a long time in Gate 1, and not progressing to Gate 2, which has an impact on anticipatory network planning. Workgroup members stated that they thought indicative connection dates may far exceed the 3 years proposed and noted that a majority of projects may need to extend their Gate 1 offer. The Workgroup noted a number of different timescale implications based on the dates used to calculate the longstop date and interactions with the Milestones, meaning that a User would have just over two years from signature of the Gate 1 offer to demonstrating compliance, by their project, with the Gate

[38] Which was referenced, in the proposal form, as a financial instrument.

2 criteria. It was noted that an option would be to base the deadline on when the applicant meets the Gate 2 criteria, rather than when the developer accepts the Gate 2 offer.

Connection Point and Capacity Reservation

The Workgroup discussed the context of Connection Point and Capacity Reservation (which is proposed to be codified within the STC and not the CUSC). Detailed discussions on this can be found within the CM095 Workgroup Consultation.

Gate 2

Criteria and Process

The Proposer noted their proposal is that projects must go through the Gate 1 process prior to going through the Gate 2 process (unless the project benefits from Project Designation) and that this was to ensure the benefit of the Gate 1 process is delivered in terms of network design, and to allow Anticipatory Investment to be identified. The Proposer confirmed that the connection date and connection point in the Gate 1 Offer will be indicative only and does not guarantee either the connection point or connection date (noting that it was later confirmed by the Proposer that this would not be the case where the ESO has reserved the connection point and/or capacity at Gate 1 for certain requirements/projects in certain circumstances, as set out in Element 10 of the Proposer's solution).

The Proposer confirmed that both a Gate 1 and a Gate 2 application could be submitted, by the developer, simultaneously; within the single annual Gate 1 application window, with no option to bypass Gate 1 in its entirety (noting it was later confirmed by the Proposer that there was the possibility of this[39] on a 'by exception' basis via the Project Designation arrangements, as discussed further below). The Proposer confirmed that the need for each project to evidence a LoA (in respect of the Gate 1 criteria) and land rights (in respect of the Gate 2 criteria) were required so that all applicants go through the same process.

A concern was raised by the Workgroup that the proposal may lead to more speculative applications as a result, due to developers wanting to gather more information and assess where it is most favourable to secure capacity. It was also queried if there could be two combined Gate 1 and Gate 2 windows each year, so as not to disadvantage projects that applied for both gates at the same time.

The Workgroup raised concerns that this proposal (i.e. not generally being able to bypass Gate 1) would unfairly discriminate against Directly Connected and Large Embedded projects (in favour of Small and Medium Embedded projects connecting at distribution). The concern regarding discrimination would arise because Small and Medium Embedded projects would not need to enter the single annual Gate 1 window (instead using the DFTC difference) and would therefore reach Gate 2 more quickly than other projects. The Workgroup noted that this could lead to customers artificially favouring distribution-connected projects over transmission-connected projects, and artificially reducing the capacity of their distribution-connected projects to fall below the relevant BEGA threshold in their region.

[39] Bypassing of Gate 1 entirely.

An Authority representative provided an update relating to codifying the Gate 2 criteria, noting that they are open to suggestions from the Workgroup on how much of the criteria is codified. The Workgroup noted the statutory requirement for any changes to the connection Terms and Conditions having to be approved by the Authority.

The Workgroup queried whether the amount of land required to be evidenced, at Gate 2, could be reduced from 100%; it was clarified that the 100% required was based on minimum acreage found in the land energy density table in the CMP427 guidance, rather than exact submitted land.

The Workgroup noted concerns around the possibility of developers using option agreements for evidencing their Gate 2 secured land and suggested that an option agreement (for Gate 2 purposes) needs to cover a minimum period of 7 years noting there should be tolerance for scenarios where options may expire or where extensions may be required. Based on this feedback, the Proposer amended their solution to note that any option agreement; for the purposes of Gate 2 secured land evidence; should as a minimum be for 3 years.

Workgroup consultation question: Do you agree that the Gate 1 process should be a mandatory process step, or do you think Gate 1 should be an optional process step with projects being able to apply straight into the Gate 2 process if the project meets both the relevant Gate 2 and Gate 1 criteria?

Ongoing Compliance – Land Requirements

The Proposer noted that any amendments made, by a developer, to the red line boundary of their project post achievement of Gate 2 will have to meet criteria specified by the ESO. The Proposer outlined several options they could use to ensure the developer has ongoing compliance with the onshore secured land requirements.

The Workgroup noted that developers often have to move boundaries; as, for example, may arise as part of the planning or permitting processes; and queried why changing land boundaries for a project (but not the project's capacity) would matter if the Transmission System was not affected. The Workgroup suggested not allowing developers to move their project boundaries as moving boundaries can take time and the purpose of this modification is to speed up the connection process. The Proposer recognised that project location changes were initially proposed to not be allowed; however, their position has changed based on feedback from the Workgroup meetings.

There was significant discussion on ensuring ongoing compliance, by developers, with the secured land requirements for their projects, with the Workgroup highlighting that the ESO will need to review documentation for relevant projects to ensure developers are not using loopholes in the system to their advantage. The Workgroup noted that if the M1 milestone is further away from the signing (by the developer) of the Gate 2 acceptance, there would likely be increased changes to land boundaries.

One option suggested is that the developer builds no more than a certain percentage of the capacity of a technology (as contained in their Gate 1 signed acceptance) outside of their project's original red line boundary and any of that capacity outside this will be removed and the developer will need to reapply, for the capacity difference, at a future Gate 1 window.

The Workgroup discussed that allowing applicants to build capacity outside of their Original Red Line Boundary could lead to gaming of the system, and that the change in red line boundary rules could make the connection more valuable than the project. Part of the Workgroup dismissed concerns as they did not believe that this aspect of the modification would lead to gaming of the system as other aspects would have already removed speculative applications from the process.

The Workgroup argued that there was no need for red line boundary compliance, noting that issues would only be created if the change in the boundary affected the works required for a connection. The Workgroup noted that one DNO group[40] (NGED) allows a 50% increase in a projects' red line boundary, without consequences, which could be broadly equivalent to the some of the proposal here for CMP434. The Workgroup could not agree if two different technologies could be planned on the same piece of land or if they would have to have separate red line boundaries.

Based on Workgroup feedback and worked examples, the Proposer amended their proposal, as set out within Element 11.3.

The Proposer requested feedback from the Workgroup on how long a developer would typically need from signing their Gate 2 offer acceptance date to submitting their application for planning consent, factoring in planning type and technology. This is captured below and in Element 11.4 above, along with the proposed timescales, which assume that some land and planning work can be done in parallel.

The Proposer requested Workgroup views on what a standard period would be for each planning type and based on these responses asked if this factored in land and some planning activities being undertaken in parallel. Although the Workgroup confirmed their views did factor in land and some planning activities being undertaken in parallel, the Proposer has proposed shorter standard periods than the typical timelines suggested by the Workgroup. The intended approach is set out in the following table.

Planning Type	Period from Gate 2 Offer acceptance to submission of application for Planning Consent
Town and Country Planning (England, Scotland and Wales)	Typically, 18-24 months for the pre-app work including EIA works, surveys and engagement with one developer noting it is extremely rare that can do less than a year's worth of ecological surveys. Some support for 12 months (Sufficient time to secure planning permission if developer is ready to go).
Section 36 (Scotland)	Typically, 18-24 months and requirements similar to Town and Country Planning.
Development of National Significance (Wales - akin to NSIP)	Typically, 24 months - As Town and Country Planning but extra engagement with local stakeholders is required pre-submission.

[40] Representing four of the 14 DNO areas.

NSIP (need Development Consent Order - England)	Typically, 3 years as complex and duration and timing of some surveys e.g. most breeding bird surveys are required to be carried out over two breeding/nesting seasons and comprehensive engagement and consultation. A developer noted it could be 18 months for Offshore. However, no definitive timeline could be agreed on for Offshore.

The Proposer noted that there would be a requirement, on projects, of showing evidence for Queue Management Milestone M1 and highlighted some proposed time periods from Gate 2 Offer acceptance to submission of application for Planning Consents. The Workgroup noted that planning and land milestones should be done sequentially, rather than in parallel, to minimise the risk of a project being removed from the queue.

The Workgroup noted that the proposed timelines could cause issues with projects with connection dates far into the future due to requiring large scale reinforcement.

The Workgroup had concerns regarding risks and costs to developers of completing surveys when it is not clear if their projects are viable, noting that cable routes are a significant proportion of costs for onshore projects, and it is often unclear initially which substation the cables would be connecting to.

It was also noted that developers will require more confidence in what they will receive in Gate 2 if timelines are to be brought forward and suggested that Transmission Owners could conduct substation siting studies earlier.

The Workgroup offered some alternative options for Gate 2 criteria, to allow developers to prove their intent to connect by showing that the project has a viable path to market (e.g. Power Purchase Agreement or awarding of a CfD contract by HM government) or they can demonstrate sufficient capital investment to build the project.

The Workgroup requested that the Proposer share their analysis on how the proposed timelines have been determined for the period from Gate 2 Offer acceptance to submission of application for Planning Consent. It was also noted that consideration needed to be given to hybrid sites and the proposed timescales applicable for these.

The Proposer provided an update on how the Queue Management Milestones would be structured under their proposal, including via a number of worked examples (which can be found at Annex 6). Feedback from the Workgroup was that only the M1 milestone should be forward calculated from the Gate 2 offer acceptance date, and that other milestones should not be forward calculated.

The Workgroup querying the benefit of having M2 forward calculated and some arguing that M2 is largely outside a developer's control and would likely be able to claim an exception under existing Queue Management provisions.

The Workgroup added that they thought the ESO should have the right to remove a project that has exhausted its planning appeals, and that making the M2 Milestone forward-looking

would allow the ESO to do this. Part of the Workgroup also noted that they thought M4-M8 should remain backwards looking.

It was noted by a DNO Workgroup member that Distribution projects would aim to mirror the Queue Management arrangements associated with Transmission connected projects.

The Workgroup thought that forward looking milestones would not be suitable for projects with longer connection dates. The Workgroup noted that planning dates over 10 years in the future are usually speculative to secure queue position.

The Workgroup noted that TOs would have more time to prepare for consents on specific projects if the dates were more realistic, however this view was tempered by a participant noting that permissions granted under the Town and County Planning Act (TCPA) are typically only valid for 3 years (although some are longer) and cannot be extended (although the fact it cannot be extended was challenged by part of the Workgroup) so this would put projects at risk of having no planning permission if this was applied for too early (in order to comply with the proposed solution in terms of Element 11.4) and thus potentially no longer compliant with the milestone obligations. The Workgroup highlighted that TCPA permissions can be implemented by constructing a very small proportion of the scheme, and that this would prevent a permission from lapsing.

The Proposer presented the Workgroup with worked examples (Annex 6) of how a project would progress through the queue. Part of the Workgroup noted that they would prefer a hybrid of forward and backward-looking milestones, however another part of the Workgroup did not agree, advising that this could lead to gaming of the system.

On the proposal for M1 being forward looking, the main concern from the Workgroup was whether it is reasonable to ask a developer to submit their application for planning consent earlier than they would in their development cycle noting the risk this could expire and any extension from the Planning Authority is not automatic. The Workgroup articulated some ideas as to how to manage this risk, as set out below, which the Proposer agreed to consider following the Workgroup Consultation, to inform their final solution.

a) Forward Looking M1 Milestone takes into account expected decision timelines and validity of such planning consent with the idea that planning does not expire before planning conditions are discharged.
b) Consider using the 10% developer spend route that the Low Carbon Contracts Company use for CFD Contracts.
c) Forward Looking M1 Milestone time period only starts from when the TO have confirmed the location of their substation, where this is reasonably required for the developer to prepare and submit their planning application. Note this only applies in England and Wales as in Scotland typically, the Transmission Owner consents the cable route.
d) The M1 Milestone remains backwards looking from the Completion Date if a project's Completion Date is more than X years away.
e) Include a rectification period for a developer to resubmit their application for planning (M1) if the permission expires before the Completion Date.

The Workgroup queried whether there would be an application fee for Gate 2; the Proposer confirmed there would continue to be application fees associated with the application but advised the details of this are out of scope of CMP434. The Workgroup expressed

concerns regarding the cost reflectivity of any such application fee and wished to explore this issue further.

The Workgroup queried whether the offshore leasing rounds (as managed by The Crown Estate and Crown Estate Scotland) were a difference from the process, given the same Primary Process would be followed. After additional consideration, the Proposer is removing the proposed option from CMP434 for The Crown Estate and Crown Estate Scotland to apply for grid connection offers associated with a particular seabed leasing round in lieu of developers and with the potential for additional process differences and will (re)introduce this at a later date through the appropriate change process (if appropriate).

Questions were raised regarding Interconnectors requiring secured land, in order to progress through Gate 2, as their landing sites could be subject to change. The Proposer confirmed that the solution for interconnectors and Offshore Hybrid Assets (OHAs), is that the Gate 2 criteria will be applied in respect of the onshore convertor substation, with the developer needing to demonstrate they have secured the rights to lease or own the land on which the site (onshore converter station land) is planned to be located. The Proposer also noted that they are considering making the indicative connection point and connection date at Gate 1 a confirmed connection point and connection date for interconnectors and OHAs, subject to them accepting a Gate 2 offer by the longstop date, to allow appropriate land rights to be obtained, given the large potential variability of the connection point, for interconnector and offshore projects, as a result of the coordinated network design studies.

The Workgroup noted that timing flexibility should be allowed when applying for the Gate 2 window, as they are sometimes required by planning to do some studies at certain times of the year depending, for example, on environmental factors such as breeding or nesting times.

Workgroup consultation question: Please provide your views on the proposed options ((a) to (e) on page 45) to mitigate the risk of requiring a developer to submit their application for planning consent earlier than they would in their development cycle (with the risk this consent could expire and any extension from the Planning Authority is not automatic).

Gate 2 offer and project site location change

The Proposer advised that they were considering allowing a 12 month time period following Gate 2 offer (i.e. the point at which the contract offer is provided to a developer after the submission of their application and once they have met the Gate 2 criteria) acceptance date where they would allow developers to move their project site closer to the connection point offered at Gate 2, without affecting their queue position. This would only apply to those contracts where the connection point offered at Gate 2 is different to what was requested in the developer's Gate 2 application.

The Workgroup noted that they did not believe this was necessary and noted that it could lead to gaming of the system. It was also noted by The Workgroup that this option would not be available to Distribution connected applicants. Participants noted that project site changes would not be necessary if more information from the ESO was contained within Gate 1 offers.

Gate 2 Process

The Proposer outlined the process and timeline for Gate 2, clarifying that projects applying through earlier windows would get preferential queue positions than those applying in later Gate 2 application windows. The Workgroup suggested a number of amendments regarding the timings of the Gate 2 windows, some noting that they thought it would be better to have them at the same time as Gate 1 application windows. The Workgroup also highlighted a discrepancy between the treatment of Transmission and Distribution connected projects with the view that it is only Relevant Embedded Small/Medium Power Station projects that would be able to utilise the first Gate 2 window currently proposed in 2025.

The Proposer outlined that DNOs/transmission connected iDNOs will utilise the existing Project Progression/Transmission Impact Assessment process in the Gate 2 Application Window to notify the ESO of Relevant Embedded Small/Medium Power Stations that have met the Gate 2 criteria.

Gate 2 Criteria Evidence Assessment

Based on the proposed Gate 2 Criteria, the Proposer shared their evidence assessment proposal of a self-certification approach and their view on what developers would need to submit to the ESO or DNO / transmission connected iDNO (in respect of Relevant Small and Medium Embedded Generation).

The Proposer confirmed that, under the existing CMP376 rules, the ESO is required to check 100% of the Milestone evidence submitted by customers.

However, due to the volume of documents (in year one only) expected to be required to be checked, the Proposer noted that they are proposing to sample check a proportion of applications (including duplication checks of red line boundaries). The Workgroup noted that in order to have a robust and efficient sampling regime for the Gate 2 verification approach that the minimum percentage of applications sample checked should be defined by the Authority and should be consistent across Transmission and Distribution.

The Workgroup expressed concern that this proposal could see the DNOs and transmission connected iDNOs required to reduce the percentage of evidence that they check from 100% to a lower number, and that this could negatively impact the robustness of the DNO/transmission connected iDNO grid connections process.

The Workgroup also noted that Users should be provided with guidance and support with the process and the Proposer confirmed that the full evidence and checking process will be set out in guidance issued by the ESO after CMP434 is approved.

The Workgroup noted that 100% of duplication RLB checks (rather than a sample) should be done. The Proposer agreed to consider this however noted that it would be dependent on whether the systems in place will enable RLB to be overlaid on top of each other, using shapefiles submitted by applicants. The Workgroup asked the ESO to consider a method for applicants to reserve their redline boundaries when submitting an application.

The Workgroup also questioned if it would be the ESO / DNOs / transmission connected iDNOs who would be undertaking the checks or if it would be an independent expert body. The Proposer agreed to consider which option would be most optimal, closer to implementation.

The Workgroup questioned if a Director is always an authorised party.

Offshore Land Rights

The Proposer outlined challenges associated with offshore assets in these proposals, highlighting that they plan to extend the CMP427 Letter of Authority requirements to offshore projects in respect of entry into the Gate 1 application window, on an equivalent (to be confirmed) basis to onshore projects.

The Proposer noted that they have been engaging with The Crown Estate and Crown Estate Scotland regarding what an offshore equivalent could look like in relation to an offshore generation site (and the cable for an Interconnector or OHA) and have considered a possible onshore equivalent associated with onshore convertor stations for Interconnectors and OHAs. The Proposer also advised that Interconnectors and OHAs will only need to prove land rights within GB Waters / GB (in respect of the LoA for Gate 1 offshore, and in respect of the Gate 2 criteria for Gate 2 onshore).

And the Proposer advised that if a project is a Non-GB project (i.e. generating outside of GB Waters / GB whether offshore or onshore) but it is directly connecting into the GB system (i.e. if and where it is not classed as an Interconnector or an OHA), then it will need to provide the relevant land rights obtained in the country where it is situated.

The Workgroup were concerned that projects located overseas (mention was made of wind located in Icelandic waters and solar located onshore in Morocco) that connected into the GB NETS and applied at Gate 1 / Gate 2 might be treated differently (in terms of not needing to evidence land rights/seabed access, whilst being able to secure capacity in GB) and believed that this needed to be addressed as part of the solution for CMP434 in order to achieve a level playing field.

Project Designation

The Proposer outlined its current intention that Project Designation would prioritise transmission connections for designated projects that:

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

However, the criteria do not form part of this proposal, as they will be defined in the Project Designation Methodology, which is subject to a separate consultation and Authority approval process.

The Proposer clarified that (i) Network Services Procurement, (ii) Competitively Appointed Transmission Owners and (iii) coordinated offshore network design arrangements will be dealt with in a separate ‘bay / capacity reservation’ policy rather than being incorporated under Project Designation (see Elements 9 and 10 in the 'Proposers Solution’ above).

In addition, the Proposer outlined its intention and rationale for the Project Designation Methodology to be contained within a separate methodology or guidance document which could be updated periodically in accordance with the Authority's requirements.

The Workgroup raised concerns around the ESO having the power to prioritise certain transmission connections; The Workgroup also noted the existing process for determining and securing projects needed for GB security of supply purposes[41]. The Proposer clarified its intention that the methodology for determining a designated project under (b) and (c) as above would likely be locational, and that for (c) as above relevant examples might be large Demand projects or long duration storage located in a beneficial location in terms of materially reducing system or network constraints created by large volumes of generation. The Workgroup highlighted the need for a dispute process in relation to Project Designation whereby other projects (not themselves designated) that were prejudicially impacted could appeal a Project Designation.

The Workgroup questioned whether the Project Designation proposal was required as part of the MVP for Connections Reform. The Workgroup also suggested that the ESO should instead rely on its existing ability to seek a derogation from the Authority that would allow the ESO to prioritise certain types of projects.

Consideration of this potential change on new and existing generation all with consent, planning consents and land in place.

Consideration was given by the Workgroup of the effect the new arrangements may have on existing (or new users with similar consents in place), who wish to either renew, modify, or request additional transmission capacity.

In the normal course of business this class of User(s) are required to submit modification application(s) when there is a proposal to modify items of plant or their method of operation or request additional transmission capacity. The CUSC sets out the financial threshold for submitting a modification application as £10k of potential cost being borne by the "company" (ESO/TO).

A number of questions and papers were submitted to the Workgroup setting out the various reasons a modification application may be submitted which are summarised as follows:

a) Plant replacement/refurbishment with no change to TEC/CEC or plant type;
b) Change to TEC, CEC or plant type within the planning and Section 36 process; or
c) Change to TEC, CEC or plant type when new land, planning or Section 36 consents are required.

The Workgroup were keen to understand how each of these situations would be dealt with in the proposed solution; i.e. which via the existing process and which via the Primary Process.

[41] Via the DESNZ administered Capacity Market arrangements: Capacity Market - GOV.UK (www.gov.uk)

The starting assumption is that the same principles would apply to these situation as are faced by new developers based on the significant change criteria set out in the Proposers solution. The typical situation and the anticipated route are summarised in the table below.

Situation	Anticipated Route
a) Plant replacement/refurbishment with no change to TEC/CEC or plant type above the £10k threshold.	Mod app
b) Change to TEC, CEC or plant type within existing planning and Section 36 process.	Primary Process if the change is significant.
c) Change to TEC, CEC or plant type when new land planning or Section 36 consents are required.	Primary Process if the change is significant.

The Workgroup was concerned that option (b) where plant can increase capacity in short order (a matter of days or weeks) with all permission in place is treated in an identical way to a new development that has yet to enter the planning process.

This type of plant would meet all the criteria for Gate 1 and Gate 2 but would still take a minimum of 12 months to be allocated a queue position behind many projects that had yet to formally enter the planning process. It was suggested that a Gate 2 + route may be needed for this limited set of circumstances so that any plant with all permission in place was not unduly delayed in bringing the additional capacity online.

Separately the Workgroup questioned the level of the existing threshold of £10k which has not been indexed since it was introduced in the 1990's. The suggestion was as a minimum this should be raised to £35k to take account of indexation.

Gate 1 and Gate 2 Offer/Contract content

The Proposer presented their solution on the Gate 1 and Gate 2 offer content.

The Workgroup noted that as Gate 1 is not a confirmed offer (as it is only proposed to have an indicative connection point and connection date), they would be unable to make financial decisions based on such an offer. The purpose of the Gate 1 offer was also queried; however, it was confirmed by the Proposer that this Gate 1 offer/process is designed to provide an indicative connection date and point based on the project meeting the Gate 2 criteria, and that this Gate 1 application (and subsequent offer) is beneficial for network planning as the ESO and TOs can use the Gate 1 projects to plan the network.

The Workgroup queried whether the additional uncertainty clauses (which have been appearing in offers recently issued by the ESO) will remain within the planned Gate 2 offers going forward.

The Workgroup highlighted the potential for developers to sell LoAs, noting the importance of the ESO undertaking duplication checks of both LoAs (which are needed for Gate 1 applications) and land rights RLB (which are needed for Gate 2 applications). The Workgroup also noted that it would be useful to have visibility of the connections queue,

specifically relating to other projects which have been given contracts to connect to the same points of the transmission network.

The Proposer outlined the Gate 1 output for DNOs and transmission connected iDNOs from receipt of their DFTC submissions to the ESO. The ESO will be required to publish the DFTC outcome, including an indicative date for each GSP, on the ESO website for DNOs and transmission connected iDNOs to access. The Workgroup queried if the DFTC submission should be reflected in a DNO's/ transmission connected iDNOs BCA. The Proposer noted that as it is a forecast of information provided by the DNO/ transmission connected iDNO, it does not need to be reflected in a BCA.

The Proposer presented their Gate 2 offer content for DNOs and transmission connected iDNOs who have submitted Gate 2 applications for Relevant Embedded Small/Medium Power Stations. The process will be largely BAU as it is today.

The Workgroup queried how staged connections (a stage could be an increase in TEC, or additional generating units or the same or different technology, or both) will be treated and whether a connection offer could have multiple stages and multiple technologies within the offer, as the existing connections process allows different stages of a project to be treated independently within the contracted background and therefore be given different connection dates with different enabling works. The Workgroup queried if one or more stage of a connection could be given a Gate 2 offer (i.e. a firm connection date), whilst one or more stages of a connection has a Gate 1 offer (i.e. an indicative connection date). This type of connection is required when multiple generating units are sharing a POC (i.e. bay) and therefore need to be included within one connection offer, even though the development and construction of each generating unit can be progressed on a different timeline.

The Proposer was unable to confirm (at the time of this consultation) how staged connections will be treated, and if each stage could be treated separately within the contracted background, as per today, but the Proposer agreed that it would be inefficient for Users to remove one or more stages of a connection to allow one or more stages to progress through Gate 2, only to then add the stages back into the connection (via a mod app) once the relevant stage had met the Gate 2 criteria. The Proposer confirmed that changes to any stages (including removing stages) would still require a Modification Application and be assessed using the Significant Modification Application definition and Material Technology Change policy paper.

Distribution Forecasted Transmission Capacity (DFTC)

The Proposer outlined the intended DFTC scope and submission process, noting that DNOs and transmission connected iDNOs will be responsible for using best endeavors when forecasting the transmission capacity they are submitting via the DFTC mechanism. The Proposer noted that the DFTC submission template and guidance around completing the template will be determined outside of this modification in an ENA governed guidance document. The ENA document will also provide guidance for how DNOs and transmission connected iDNOs put Relevant Embedded Small/Medium Power Stations into the ESO's Gate 2 application process. The Workgroup queried if it was appropriate for this to be housed in an ENA owned document.

The ENA shared a draft version of the Guidance document to allow The Workgroup to see the level of detail it contained. The Proposer noted that they will remove content as they produce a more general guidance document to support the implementation of this modification while the obligations to submit the data and the form of the data will form part of this CMP434 proposed CUSC change.

The Workgroup noted that they thought the concept of DFTC should not be covered within the scope of this modification, as they did not think it was necessary. Part of the Workgroup disagreed with this and advised that DFTC should be in place in 2024.

The Proposer asked for opinions from the Workgroup on whether it was appropriate to use the Grid Code definitions for Small, Medium and Large Power Stations to help with defining which sizes of projects, connecting at distribution, can utilise the DFTC submission route (via either a DNO or transmission connected iDNO, as appropriate). The Workgroup agreed that these definitions could be used, however part of the Workgroup highlighted the potential change in thresholds with modification GC0117[42], which is currently with the Authority for a decision. The Workgroup would like it to be known that there may be a risk that access to DFTC could be closed to all +10MW projects after June 2027 (proposed GC0117 implementation date) It was suggested that a GB wide level playing field should be used, as the current Power Station thresholds are not harmonised across GB.

By way of background, GC0117 is summarised as follows (further details can be found in the GC0117 Final Modification Report):

GC0117 Original: The Original solution for future Power Stations across GB is to define Large Power Stations as 10MW and above and Small Power Stations as less than 10MW. For new connections, there would be no concept of Medium Power Stations, nor the ability for a Generator to apply for a Bilateral Exemptible Large Licence Exempt Generator Agreement (BELLA). This proposal is non-retrospective and would be expected to apply from June 2027 when the appropriate ESO Balancing IT systems have been upgraded in order to facilitate the expected additional numbers of Balancing Mechanism (BM) participants. The proposal would not apply to any Generator who has submitted a Connection Application to the DNO prior to the implementation of the modification.

GC0117 WAGCM1: Under this option, the Power Station thresholds of Small (less than 50MW), Medium (50 – <100MW) and Large (100MW or greater) that currently apply in England and Wales would also be applied in Scotland. For new connections, from the date of implementation, the Large, Medium, and Small Power Station classification criteria would be the same across GB. A Generator who has already submitted a Connection Application to the DNO prior to the implementation would not be impacted by this solution e.g., a 15MW Generator in the North of Scotland that has submitted a connections application prior to the implementation would remain as a 'Large' Power Station, but a 15MW Generator in the North of Scotland that submits a connections application after the implementation, would be classed as a 'Small' Power Station.

[42] The GC0117 Original Proposal would define Large Power Stations as 10MW and above and Small Power Stations as less than 10MW. For new connections, there would be no concept of Medium Power Stations. The GC0117 WAGCM would set the threshold in Scotland to the same as in England & Wales. If approved this proposal would be expected to apply, for new applications, from June 2027.

The Workgroup queried why a Large Embedded Power Station would not be included in the DFTC process. The Proposer confirmed that the ENA led DFTC Working Group have agreed that Large Embedded Power Stations are out of scope of DFTC as the ESO has a direct contractual relationship with Large Embedded projects and noting that the impact a Large Embedded Power Station could have on the NETS is different across the three TO areas and compared to relevant embedded Small/Medium Power Stations.

The Workgroup noted that they thought the best time for a relevant Small/Medium Power Station applicant to apply for a BEGA was at Gate 2, to reduce the risk of double counting in the network design assessment. Part of the Workgroup noted that the application for a BEGA for Small/Medium Power Stations should not go through the Primary Process.

It was also queried if the DFTC would be forecast one year ahead. The Proposer confirmed this was to be an annual submission but noted that they would wish to extend this in the future where possible.

The Workgroup queried whether a project's Gate 2 application would be affected if the DNO or transmission connected iDNO were to miscalculate the transmission capacity in their DFTC submission. The Proposer noted that DNOs/ transmission connected iDNOs can make offers, to their distribution connected customers, for additional transmission capacity over and above the quantum that the DNO/ transmission connected iDNO had forecast in their DFTC submission to the ESO.

The Workgroup noted that as the quantum of transmission capacity that was included in the DNO/ transmission connected iDNO submissions was to be used for anticipatory investment studies by the TO(s) that allowing additional, unlimited, transmission capacity to be allocated (by the DNO/ transmission connected iDNO) to distribution connected projects but not to allow the same for transmission connecting projects could be unduly discriminatory; as could the proposed approach of requiring transmission connecting projects to pay an application fee, whilst projects connecting at distribution (via the DFTC mechanism) would not be subject to this cost-reflective charge for the anticipatory investment studies undertaken by the ESO/TOs.

Following Workgroup queries, the Proposer noted that the initial purpose of the DFTC was to allocate Gate 1 capacity under previous proposals; however, this has evolved to now be an information exchange between the ESO and TOs in these proposals and to assist with efficient and coordinated network planning, akin to the Grid Code Week 24 process.

Workgroup consultation question: Do you agree that DFTC should be included as part of CMP434? If not, do you believe that the reformed connections process can function without DFTC?

Connections Network Design Methodology (CNDM)

The Proposer outlined that the CNDM is the proposed process by which the ESO and TOs will assess connection applications and define the roles and responsibilities of the ESO and TOs in conducting these activities.

The Proposer also noted that the CNDM would (as well as setting our capacity allocation) also include a new process for “capacity reallocation”, under which available transmission capacity would no longer be allocated to the next project in the queue on a first come first served basis. Instead, capacity would be allocated according to criteria to be defined in the CNDM, Gate 2 Criteria Methodology and Project Designation Methodology. The Proposer presented some suggestions on how the capacity reallocation mechanism might work, although these suggestions will not be codified and are not included in this consultation.

The Proposer initially noted that they believe the following should be codified in relation to the CNDM:

- The requirement for the ESO to have a CNDM;
- An obligation on the ESO to publish the CNDM; and
- An obligation to engage with industry on the content of the CNDM.

The Proposer subsequently confirmed to the Workgroup that the requirements for CNDM need to be first set out in the licence and accordingly it was not intended at this moment in time to codify these three items.

The Workgroup supported these points being codified. In addition, part of the Workgroup noted that they believed it was a legal requirement, in respect of connections, to be codified as the Authority need to approve the content of the document.

The Workgroup expressed concerns about the Proposer’s intention not to codify the proposed new capacity reallocation mechanism, instead including it in the non-codified CNDM document.

Part of the Workgroup stated that they believed this new mechanism could reallocate tens or hundreds of millions of pounds of economic value between customers, and potentially increase or decrease overall electricity costs by billions of pounds. In this context, Part of the Workgroup argued that it was inappropriate for this new policy to not be codified and, as a result, to be subject to a lighter touch governance regime.

The Workgroup stated their view that capacity reallocation mechanism is so central to this proposal that, if the Proposer was not proposing to codify it, then, in their opinion, there would be good arguments for the Authority to reject or send back this Modification, which would delay the entire Connections Reform programme.

The Proposer noted that they would be engaging with the ENA regarding the CNDM, and that DFTC would be considered as part of the CNDM. Part of the Workgroup noted that iDNOs are not represented within the ENA; the Proposer agreed to ensure iDNOs were consulted.

The Proposer stated that is does not intend to discuss the potential content of the CNDM (including the capacity reallocation mechanism) at any future CMP434 Workgroup meetings. However, should the Proposer complete a draft of the CNDM before the conclusion of the Workgroup process, then the Proposer’s intention is that it would be shared with The Workgroup . In any case, the Proposer’s intention is that no Workgroup

time be allocated to discuss the contents of the CNDM, including the new capacity reallocation mechanism.

The Workgroup queried the possible consequences if the CNDM is not approved by the go live date for CMP434 (which at the time of this consultation is anticipated to be 1st January 2025). The Proposer noted that if there was a risk the CNDM would not be completed by the go live date then it the scope/content of the document(s) could potentially be adjusted to mitigate the risk and allow the methodology to be approved (with further details then being included in later versions). However, as per the proposal set out within Element 1 there is a risk of delay to the go-live date. In the event that either the CNDM or the Gate 2 Criteria Methodology is not approved by the go-live date, the go-live date would be delayed as set out in Element 1. Any such delay to go-live would be subject to Authority approval as would their approval of the new go-live date.

The Proposer noted that they do not anticipate changes to the current exchange of data between the ESO and TOs, as CPAs and TOCOs will still be part of these proposals. The Workgroup noted that there would be changes required within the STC and STCPs to outline the CNDM requirements.

Ofgem Approved Methodologies

The Proposer presented their views to the Workgroup on how they foresaw the development and approval of the proposed Authority-approved methodologies working in future (subject to ESO licence change); i.e. the Connections Network Design Methodology, the Gate 2 Criteria Methodology and the Project Designation Methodology.

The Workgroup expressed concerns that the proposed new governance process was not appropriate, and that instead these three Methodologies should be included in the CUSC as, for example, happens with the three charging Methodologies today (which are held within Section 14 of the CUSC).

In response to the Proposer's argument in favour of a more flexible governance process, The Workgroup noted that, if there were any deficiencies subsequently found in the approved codified text, then CUSC modification proposals could be progressed quickly via the urgent modification process that already exists in the CUSC, as has happened with previous modifications (as well as this CMP434 proposal).

Workgroup consultation question: The Proposer intends to set out supporting arrangements for TMO4+ via a combination of guidance and methodologies (e.g. DFTC, CNDM, Project Designation, Gate 2 Criteria). Do you anticipate any issues with having these outside of Code Governance?

Legal Text Discussions

The Proposer presented a list of sections within the CUSC they thought may potentially need to change, for the purposes of implementing CMP434, as follows: Sections 2, 3, 6, 7, 9, 11, 15, 16, Exhibits B, C, D, E, I and O, Schedule 2 Exhibits, and the addition of new Sections to cover the concepts of an Application Window, Gates 1 and 2, the DFTC and the Connections Network Design Methodology. The Proposer confirmed that legal text will be drafted and finalised following the Workgroup Consultation.

The Workgroup queried whether CUSC amendments would be required for (i) Project Designation and (ii) Connection Point and Capacity Reservation. The Proposer agreed with the Workgroup member that Section 11 definitions would be required, followed by updates to relevant Sections throughout the CUSC.

Legal text discussion relating to the STC can be found in the CM095 Workgroup Consultation.

Queue Management – Appendix Q

Where Gate 1 is met by the developer, then the clauses for Queue Management, for the project, will be populated within the Gate 1 offer that the developer receives. However, the Appendix Q, in that offer, will not be populated. Once Gate 2 is met by the developer then a populated Appendix Q, for the project, will be included into the Agreement. Forward looking Milestones are currently being investigated by the Proposer and a forward looking M1 is proposed within their current solution. If this is the final proposal and is approved, the ESO will update the Queue Management Guidance and CUSC section 16 to reflect the required changes.

Consideration of options no longer in scope of this modification

Gate 1 Financial Instrument

The Proposer stated in their initial proposal that they would keep the use of financial instruments, at the Gate 1 application stage, under consideration. In the Workgroup phase, the Proposer presented the concept of a Gate 1 Capacity Holding Payment; a £/MW payment to incentivise timely progression between Gate 1 and Gate 2, to (i) discourage multiple speculative applications and (ii) encourage only viable projects to enter and remain in the connections process.

The Proposer asked for views from the Workgroup as to whether this would be best implemented as a Charge or a Security. The Workgroup raised concerns with the concept of this payment in either form; however, it was generally agreed that, of the two options, a Security was the only option that could be explored further within the scope of this modification. A Charge would not be deemed cost reflective and would also require a separate Urgent code modification to CUSC Section 14.

The Proposer further developed the Capacity Holding Security as a potential solution and explained that this would secure against any anticipatory investment undertaken based on the pool of Gate 1 projects and DFTC submissions.

The Workgroup raised concerns with intention for a Capacity Holding Security, with some noting that the flat rate cost would be disproportionate to different projects and could be prohibitive for some projects. Several Workgroup members noted that they thought this should be included in a separate modification to allow time to develop the detail of the change and to assess the impacts.

In light of this feedback, the Proposer decided to remove the Capacity Holding Security from their proposed solution and are instead proposing a ‘longstop’ date in relation to any Gate 1 offer that is accepted by a developer. The Proposer also noted that they would keep financial instruments under review and could potentially raise a separate code modification at some point in future after further consideration.

Gate 2 Financial Instrument

In the initial proposal, the Proposer stated they would keep under consideration the use of financial instruments, at the Gate 2 application stage, to (if required) further strengthen the Gate 2 criteria (e.g. in addition to User Commitment, introducing some form of capacity holding securities from Gate 2 through to connection) to encourage only viable projects to remain in the connections process. After further consideration, this was not developed as an option in addition to the proposed Gate 2 criteria. The Proposer believes that their intention that the Queue Management Milestone(s), forward calculated from the Gate 2 offer acceptance date, will encourage timely progression. This context was shared with the Workgroup and the Workgroup agreed there should not be an additional financial instrument introduced at this stage of the process. The Proposer also noted that they would keep financial instruments under review and could potentially raise a separate code modification at some point in future after further consideration.

Gate 1 and Gate 2 fast disagreement resolution process

The Proposer advised that there will be a process to resolve simple disagreements for both Gate 1 and Gate 2 applications, noting several worked examples and a proposed timeline for this, noting that clerical errors would be dealt with using competency checks. The Workgroup requested another deadline for changes to applications, to allow clerical errors to be resolved. The Workgroup queried why an applicant would use this resolution process rather than the current CUSC disputes process. The Proposer clarified that this disagreement resolution process would not be codified and was being introduced as an ESO led process to fast-track disagreements (between the ESO and the recipient of the connection offer, at Gate 1 or Gate 2) but noted that applicants could still use the existing disputes process. The Workgroup asked if the resolution process could involve a shorter window, so all applicants get the same time to resolve disagreements. After discussion with the Workgroup, the Proposer decided to remove the fast track dispute process from the proposals and instead rely on the existing codified dispute process. However, an optional and informal fast track resolution process (for dealing with disagreements between the ESO and applicants) will continue to be developed to optionally supplement the additional codified process.

Minimum Viable Product

In terms of scope, the Proposer's stated aim for this proposal is that it is only "*proposing changes related to the final recommendations that are needed for what we consider to be our Minimum Viable Product (MVP) i.e. those changes that we feel are essential for Day 1 (the Go Live date).*"

The Workgroup questioned whether various elements of the proposal which the Proposer has stated are MVP within their proposal were/are actually required for an MVP reform to the connections process.

Therefore, the Workgroup is seeking feedback from industry on whether they believe that each of the 18 elements of the proposal highlighted in the solution is required for MVP reform, or not.

Workgroup consultation question: Do you believe that the proposed Gate 1 and Gate 2 process could duly or unduly discriminate against any types of projects? If so, do you believe this is justified?

Draft legal text

Legal text will be drafted after the Workgroup Consultation has been completed.

What is the impact of this change?

Proposer's assessment against Code Objectives

Proposer's assessment against CUSC Non-Charging Objectives	
Relevant Objectives	**Identified impact**

(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	**Positive** Includes a gated process that prioritises readier and/or more viable projects enabling us to help the government to meet its Net Zero targets. Currently, project developers are waiting too long to connect, and this is hindering progress to deliver Net Zero. Application windows allow a coordinated network design closely aligned with ESO's Centralised Strategic Network Plan and that facilitate anticipatory investment to ensure transmission works are delivered efficiently.
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	**Positive** Quicker connections for viable projects needed to deliver Net Zero. Currently, project developers are waiting too long to connect, and this is hindering progress to deliver Net Zero.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	**Neutral**
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	**Positive** The more coordinated and efficient network design for connections also delivers benefits for customers and consumers as allocates capacity more efficiently to projects that are ready to proceed and studying connections applications in batches should lead to lower overall costs.
*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.	

Standard Workgroup consultation question: Do you believe that CMP434 Original proposal better facilitates the Applicable Objectives?

When will this change take place?

Implementation date
01 January 2025

Date decision required by
13 December 2024[43]

Implementation approach

The proposed implementation approach can be summarised as follows:

[43] This represents the current proposed timeline for this modification (as of 25 July 2024), which is pending Authority approval.

- Any new applications, for a connection, from any connectee types that are in scope (see the table, under Element 3, at the top of page 12) submitted to the ESO on or after the go-live date (which, at the time of this consultation, is anticipated to be 01 January 2025) will need to be submitted within a Gate 1 Process (which is being introduced by this Modification).

- Any Significant Modification Applications submitted from any connectee types that are in scope (see the table, under Element 3, at the top of page 12) to the ESO on or after the go-live date (which, at the time of this consultation, is anticipated to be 01 January 2025) will need to be submitted within a Gate 1 Process or a Gate 2 Process, as appropriate (which are being introduced by this Modification).

- We refer here to the date of the new application or Significant Modification Application being relevant to go-live above, rather than to the date of the clock start date of such applications. This is due to the proposed cutover arrangements within CMP435; i.e. as there is proposed to be a cutover date whereby any in-scope applications clock starting after a given date (i.e. from 10 Business Days after the Authority Decision[44] to approve this Modification) will be moved into the first Gate 1 Process or Gate 2 Process, depending on whether it is a new application or a Significant Modification Application, and if the latter then depending on the nature of the Significant Modification Application.

- Note: under CMP435, any projects with existing connection contracts with the ESO (including relevant small and medium embedded generation projects contracted via the DNO, or transmission connected iDNO) which do not meet the Gate 2 criteria will become Gate 1 projects and will need to submit an application within a future Gate 2 Process (if and when those projects meet the Gate 2 criteria).

- The above is on the basis that the go live date is 01 January 2025 and this assumes that relevant changes to the ESO's Transmission Licence and the three new methodologies[45] (mentioned in this CMP434 proposal) have been approved, by the Authority, within timescales which allow go-live to occur from the 01 January 2025 date for new applications and Significant Modification Applications.

In respect of the above, there will need to be changes to business processes and to the ESO's Customer Portal; e.g. to grey out the ability for parties to submit an application outside of the Gate 1 or Gate 2 application windows.

[44] Which, at the time of this consultation, is anticipated to be published by mid-December 2024, in line with the proposed timeline for this modification (as of 25 July 2024), which is pending Authority approval.

[45] As listed in Element 1, on page 9.

In addition, it is imperative that stakeholders understand how the new reformed process will apply to them and as such, engagement and supporting guidance will be used, by the ESO, once a decision has been made by the Authority. This will ensure that stakeholders can get up to speed with the new process prior to the go-live date. However, as the Authority approval is expected by mid-December 2024[46] and go-live, for this change, is anticipated to be 01 January 2025 (at the time of this consultation) it will be very important that all stakeholders are cognisant of the need to review this ESO supporting guidance and the associated engagement in a short space of time before / during / after the festive period.

Standard Workgroup consultation question: Do you support the implementation approach?

Interactions

☐Grid Code	☐BSC	☒ STC	☐SQSS
☐European Network Codes	☐ EBR Article 18 T&Cs[47]	☒ Other modifications	☒Other – DCUSA, Transmission Licence Changes

This modification directly interacts with CM095. There are also interactions with the modifications addressing Application of Gate 2 criteria to existing contracted background: CMP435 and CM096.

There is also a possibility of consequential changes to the DCUSA as a result of this modification.

Changes will be required to the ESO licence to facilitate this modification; the ESO have been engaging with the Authority regarding this.

The Proposer does not foresee the need for Grid Code changes for their Minimum Viable Product and they have verified this with industry.

How to respond

Standard Workgroup consultation questions

1. Do you believe that the Original Proposal better facilitates the Applicable Objectives?
2. Do you support the proposed implementation approach?
3. Do you have any other comments?
4. Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?

[46] This represents the current proposed timeline for this modification (as of 25 July 2024), which is pending Authority approval.

[47] If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the Electricity Balancing Regulation (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.

Specific Workgroup consultation questions

5. Do you agree with the elements of the proposed solution? Element 7 has been de-scoped, and Element 10 is proposed to be codified within the STC through modification CM095. Please provide rationale for your answer and any suggestions for improvement to each element? [Please see the CMP434 Workgroup Consultation response proforma (Annex 7) or the Proposer's solution above for details of Elements 1-18.]
6. Are there any elements of the proposal which you believe should not be included as part of this proposed solution, which the Proposer believes represents the 'Minimum Viable Product' reforms required to the connections process? If not, why not? (Please note the element number in each of your responses if applicable)
7. As per question 6, are there any additional features which you believe should be included as part of Minimum Viable Product reform to the connections process?
8. Do you agree that the Gate 1 process should be a mandatory process step, or do you think Gate 1 should be an optional process step with projects being able to apply straight into the Gate 2 process if the project meets both the relevant Gate 2 and Gate 1 criteria?
9. Do you believe that the proposed Gate 1 and Gate 2 process could duly or unduly discriminate against any types of projects? If so, do you believe this is justified?
10. Please provide your views on the proposed options ((a) to (e) on page 45) to mitigate the risk of requiring a developer to submit their application for planning consent earlier than they would in their development cycle (with the risk this consent could expire and any extension from the Planning Authority is not automatic).
11. Do you agree that DFTC should be included as part of CMP434? If not, do you believe that the reformed connections process can function without DFTC? Please justify your answer.
12. The Proposer intends to set out supporting arrangements for TMO4+ via a combination of guidance and methodologies (e.g. DFTC, CNDM, Project Designation, Gate 2 Criteria). Do you anticipate any issues with having these outside of Code Governance?

The Workgroup is seeking the views of CUSC Users and other interested parties in relation to the issues noted in this document and specifically in response to the questions above.
Please send your response to cusc.team@nationalgrideso.com using the response pro-forma which can be found on the CMP434 modification page.
In accordance with Governance Rules if you wish to raise a Workgroup Consultation Alternative Request, please fill in the form which you can find at the above link.

If you wish to submit a confidential response, mark the relevant box on your consultation proforma. Confidential responses will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel, Workgroup or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BEGA	Bilateral Embedded Generation Agreement
BELLA	Bilateral Exemptible Large Licence Exempt Generator Agreement
BSC	Balancing and Settlement Code
CAP	Connections Action Plan
CATO	Competitively Appointed Transmission Owner
CES	Crown Estate Scotland
CMP	CUSC Modification Proposal
CNDM	Connections Network Design Methodology
CPA	Construction Planning Assumptions
CSNP	Centralised Strategic Network Plan
CUSC	Connection and Use of System Code
DCUSA	Distribution Connection and Use of System Agreement
DRC	Data Registration Code
DESNZ	Department for Energy Security and Net Zero
DFTC	Distribution Forecasted Transmission Capacity
DNO	Distribution Network Operator
EBR	Electricity Balancing Regulation
EG	Embedded Generation
ENA	Electricity Networks Association
ESO	Electricity System Operator
Go Live Date	The date at which the new process in the legal text goes live, on or after the implementation date
GSP	Grid Supply Point
iDNO	Independent Distribution Network Operator
LoA	Letter of Authority
MVP	Minimum Viable Product
M1	Queue Management Milestone M1
NESO	National Energy System Operator
NETS	National Electricity Transmission System
NGED	National Grid Electricity Distribution
OHAs	Offshore Hybrid Assets
RLB	Red Line Boundary
SLA	Service Level Agreement
SSEP	Strategic Spatial Energy Plan
STC	System Operator Transmission Owner Code
STCP	System Operator Transmission Owner Code Procedures
SQSS	Security and Quality of Supply Standards
TCE	The Crown Estate
TCPA	Town and County Planning Act
TIA	Transmission Impact Assessment
TO	Transmission Operator
TOCO	Transmission Owner Construction Offer
T&Cs	Terms and Conditions

ESO

Annexes

Annex	Information
Annex 1	Proposal documents
Annex 2	Terms of reference
Annex 3	Urgency letters
Annex 4	Indicative Process Timeline
Annex 5	Significant Modification Application Guidance (Work-in-Progress)
Annex 6	Impact of Forward-Looking Queue Management Milestones
Annex 7	Workgroup Consultation Response Proforma