

Code Administrator Meeting Summary

Meeting name: Application of Gate 2 Criteria to existing contracted background (Workgroup 10)

Date: 10/07/2024

Contact Details

Chair: Catia Gomes, ESO Code Administrator

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

Key areas of discussion

Topics covered as part of Workgroup discussion:

- Timeline and topics
- Update: Gate 2 Criteria
- Transitional Arrangements Update
- Approach to amending existing contracts to Gate 1 and Gate 2 contracts, and the disapplication of User Commitment / Final Sums and Queue Management Milestones for Gate 1 Projects
- CUSC / STC Legal Text
- End to End Solution Walk Through

Timeline and topics

The Chair updated the Workgroup with the planned dates for the Workgroup Consultation, being 25 July 2024 – 06 August 2024, and expectation for the draft document to be shared with Workgroup members 16 July 2024. More details of timings would be shared with the Workgroup after Special Panels for CUSC and STC on 12 July 2024.

The Workgroup discussed the potential schedule for meetings ahead of the consultation going live and the Chair agreed to consider suggestions and share an update with the Workgroup by/on 11 July 2024.

It was noted that comments from Workgroup members on the draft document should be related to the proposal structure and need for clarification of content rather than individual views on the proposal which can be shared via consultation responses.

Update: Gate 2 Criteria

The ESO SME outlined options explored by the ESO for when existing projects in scope for CMP435(/CM096) need to meet the CMP434(/CM095) requirements for minimum land option length,

with their preferred option noted as from the point the CMP435(/CM096) Workgroup Report is published.

The Workgroup were invited to discuss the merits/objections to the other options.

Some Workgroup members expressed that the point of Ofgem decision or later would be more appropriate on a legal basis and one member suggested that where options were entered into prior to the decision/implementation date, the ESO could offer discretion to decide. Views were raised that in favour a minimum option period to meet the objectives of the mod (in the absence of planning requirements) but also that options take time/effort/cost so would not be taken out lightly (low expectation of poor-quality options) and that as long as options are checked there's no need for a minimum. A suggestion was made to consider if it would be acceptable if a developer can evidence an original land option (from pre 19 April?) along with subsequent longer-length negotiated options.

It was suggested that different types of projects were grouped and a mapping exercise performed for which solutions best suited each group.

A request for the value of including such a route was made by a Workgroup member.

A Workgroup member asked that for projects that are due to connect imminently e.g., within 6 months, why a 3 year option would be required as this would not be needed.

Transitional arrangements update

The ESO SME outlined that in light of further consideration the transitional period was still proposed to apply from 01 August 2024 but for new applications only, not project progressions or mod apps and outlined the key elements included/not included in transitional offers.

The Workgroup were informed that Ofgem will be written to regarding this update to transitional offers and also regarding a cut over period.

Clarification was sought by Workgroup members as to who the letters have/will be sent to (i.e., Ofgem/Gas & Electricity Markets Authority) so the Workgroup could understand that any requests and responses will be legally robust. It was noted by the ESO that transitional offers are not part of CMP435/CM096 directly, but the relevant interest by the Workgroup was acknowledged.

Questions were raised about the impact of the transitional period dates on industry's ability to raise alternatives to this modification and whether Ofgem would be invited to agree to a derogation in relation to fees in this area.

A workgroup member asked if these proposals had been discussed in any other Industry forums with confirmation that these details had been shared at Customer Connection Forums in June and are to be shared again in July.

It was noted that connection point and capacity reservation would not be part of transitional arrangements.

Workgroup members expressed concerns in relation to mod apps and project progressions not being included, keeping/pushing back dates via a transitional offer or the process of installing a transitional period (i.e., derogations being needed from the right parties vs letters of comfort). Specific points were raised about the effect of this for DNOs applying for changes now, whether this will encourage transitional offers to be requested to bank a queue position, how mod apps will be treated and whether they could cause delays in the queue. Support for transitional arrangements was raised by a member to capture projects with an assigned position for when Connection Reform starts.

A rationale as to the benefit of this approach for August, September, October 2024 was requested and it felt that more information/exploration/discussion was needed on this topic.

There was discussion in relation to the Gate 1 application fee and the rationale behind the methodology that was being proposed.

Process to change existing agreements

The ESO SME outlined the process to be applied to the three main groups of projects: those not applying for Gate 2, those applying for Gate 2 with no advancement requested and those applying to Gate 2 and requesting advancement.

Workgroup members asked about timings for contract changes to be effective and information to help users understand their securities profiles for 2025.

An update was suggested to be shared by the ENA on the impact of this on the distribution system and customers (re: queue re-ordering, project substitution and capital cost reallocation – although it was noted that these elements will be addressed via Connection Network Design Methodology).

The ESO agreed to take away the ask for clarity on scenarios where TEC reductions are requested or needed.

A Workgroup member alternate questioned the approach to contracts that are moved to Gate 1 (where offers are indicative), which are proposing to use the provisions of the CUSC without issuing a contract variation, to which the ESO legal representative noted the precedent and expected efficiencies from such a generic approach to undo the active element of the agreement rather than add additional clauses. It was acknowledged that there was risk for a secured offer to potentially change to an indicative offer without an Agreement to Vary.

When asked an ESO SME noted that the principles of the approach will be the same for distribution and transmission, even if the mechanics differ slightly.

It was questioned whether the connection point and capacity reservation for offshore/offshore hybrid assets would be sufficient to satisfy Ofgem's Cap and Floor requirements which the Ofgem representative agreed to look into further.

Further discussions covered applications for advancement for clients with BEGAs, continuation of security payments while contracts are updated, wide socialisation of proposed changes for smaller developers/CUSC parties to be aware of, mod app fees when requesting advancement, how the CNDM will demonstrate timelines for acceleration and when to update contracts (e.g., pre-advancement or when those not advancing get a Gate 2 offer).

CUSC and STC Legal Text

While legal text will be developed further post-consultation the sections of the CUSC and STC expected to be amended were outlined by the respective Proposer (and Proposer alternate for STC):

- CUSC – existing Section 10 or a new section - for how a project enters into the new process (parallel process to CMP434 with exceptions)
- STC – existing Section I – to reflect the CUSC process for transition (not replicate it).

It was noted that cancellation of Transmission Owner Construction Offers, for example via an STCP, would trigger final sums and the practicalities of aspects such as continuation of works were still to be discussed.

End to End Process Solution Walk Through

The Workgroup expressed preference for a mirroring of the CMP434 walk through (sections, order), with differences to CMP435 highlighted.

Discussion focussed on the NESO designation (including types of projects it could apply to), connection point and capacity reservation and Gate 2 criteria methodologies and references to them intended to be made in the code (the details of the methodologies not being detailed in the codes themselves).

Workgroup Consultation

It was agreed that the CMP435 consultation document should as much as possible, mirror the CMP434 version in relation to sections/ordering of the solution with specific CMP435 items added as extra.

The ESO would consider if they could re-work the meeting slides but would prioritise work on the Workgroup Consultation document.

Action Review

Due to time restrictions the actions will be reviewed at the start of the next Workgroup meeting.

Next steps

Meeting and draft consultation timing update to be shared with the Workgroup and any invites updated.

Actions

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
2	WG1	AT	Document that charging and user commitments will be out of scope for CMP435		N/A	Open
12	WG2 (amended post WG4)	LH/AC	Discuss possibility of further impact assessment (RFI data). Discuss impact assessments of solution options in terms of effects on the current and future queue.	ESO have confirmed that they will not pursue the use of consultants at this time	Ongoing	Open
14	WG2	AT/PM	Update WG topics	Further updates to be made post WG4	WG5	Open
16	WG2	LH	Look into securities for offers	To be referenced in WG6 - update TBC	June 2024	Open
20	WG3	RW, AT	TOs and ESO meeting needed to discuss data available to review capital contributions for 2024	Information to be brought back to the WG and discussed in context of transitional arrangements	Ongoing	Open
21	WG3	ESO Connections Team	When considering transitional arrangements, include guidance for staged projects	To be covered in WG10	WG6	Open
28	WG4	PM	Work through different scenarios for progressing/not progressing through the Gates		Ongoing	Open

			(accept, reject, refer) considering conditions such as restrictions on availability			
34	WG5	Code Gov, Propose rs, SME	Assess the agenda for 16 July (considering time needed to review consultation responses)		Ongoing	Open
36	WG5	Angie	Statement from ESO as to the CAP150 powers and how they are applied /can be applied re: ongoing compliance (include link to CAP150 info on ESO website)		Ongoing	Open
42	WG6	LH	Check with legal as to the clock start dates for new applications considering the point of implementation after an Authority decision (is 15th of November date is legally acceptable as the Gate 1 process only comes to existence 10 Working days after Authority decision?)		Ongoing	Open
44	WG6	RM	Confirmation about whether NESO designation applications, decisions and decision rationales would be published.		Ongoing	Open
45	WG6	RM	Confirm when NESO designation guidance is likely to be finalised (NESO Designation Methodology, CND Methodology and Gate 2 Criteria Methodologies)		Ongoing	Open
49	WG7	RP	To provide feedback gathered from Friday 21 June meeting with DNOs on distribution mirroring the low level dispute process proposed in CMP435/CM096	This item was deprioritised at the call on the 21st June. Expectation is to discuss on the 28th June at Baringa workshop	Ongoing	Open
51	WG7	ESO Connecti ons Team	To update on guidance on transitional arrangements for staged projects	To be covered in WG10	WG8	Open
53	WG7	Code Governance	To update slide 57 from WG7 for wording relating to alternatives and the need for a defect.		Ongoing	Closed
54	WG8	PM	5 th option to manage risk of early planning submissions to		WG9	Closed

			be added to the list (rectification period).		
55	WG8	PM	Forward looking milestones illustrative examples for staged offers (same and different technologies).	5 th July	Open
56	WG8	MO	Clarification with legal regarding guidance and introduction of any new obligations.	Ongoing	Open
57	WG8	MO	ESO set out the processes and timing for determining liability and security for April 2025 and October 2025.	Ongoing	Open
58	WG8	HM	ESO set out how the new fast track process fits within the existing disputes / escalation process of the CUSC and Transmission Licence.	WG9	Closed
59	WG8	MO	Provide WG with the list of documents outside the mod, the principles for guidance docs and timelines for the development of methodology documents.	Ongoing	Open
60	WG8	RP	(Replacement for action 35) Provide relevant updates from SCG	Ongoing	Open
61	WG8	PM	Amendments to action 52) ESO to confirm intention for % evidence checks vs 100% checks for CMP376.	WG10	Open
62	WG8	PM	ESO to enquire with Ofgem about them setting % evidence check level.	Ongoing	Open
63	WG9	HM	Consideration of 'dispute' process being renamed to avoid confusion with the formal CUSC process (e.g. disagreement process)	Ongoing	Open
64	WG9	FS	Reference term for 'land rights' document to avoid confusion with LOA	Ongoing	Open
65	WG9	FS	ESO to look into the data checks between D + T by ESO (data transfer) for criteria/duplication	Ongoing	Open

66	WG9	PM	Self cert letter to ask for explicit declaration if applying for Gate 2 via Distribution and Transmission routes (re duplication checks)	Ongoing	Open
67	WG9	SA	SA to email FS and PM with scenarios for multiple technologies used on an area of land	Ongoing	Open
68	WG9	FS/PM	Clarification of what ESO mean by Red Line Boundary in the solution	Ongoing	Open
69	WG9	AT	Clarification as to what CNDM is in the query log re: action 89	Ongoing	Open
70	WG9	PM	Clarification on what dates will determine queue position	Ongoing	Open
71	WG9	DD	ESO to consider identifying projects intended to benefit from Offshore Capacity Reservation in the context of CMP435	Ongoing	Open
72	WG9	RM/JH	Workgroup request appendix/annex re: transmission connection queue – how many projects impacts re diff tech and dates + information on the RFI for the consultation (majority/minority party)	Ongoing	Open
73	WG10	PM/RS	To have a conversation about Gate 2 Criteria		
74	WG10	PM/GG/ RW	To consider wider context of projects for Gate 2 criteria and implementation aspects to map project types and considerations for 'minimum options' suggestions/proposal		
75	WG10	AQ	Articulate which parties will be sharing and approving letters and derogations - Ofgem/the Authority re: process and charging		

76	WG10	AC/TC	To discuss timings for letters to the Authority re: transitional arrangements and raising alternatives
77	WG10	MO	Consider how to treat requests to reduce capacity for existing contract projects
78	WG10	AC	Explore difference between treatment of mod app fees vs expression of interest from 5 point plan
79	WG10	MO	Develop a diagram for consultation for alignment of methodologies' timings vs the modifications
80	WG10	MO	Provide further clarity on the nature of the projects designated in 2025, and separately those projects would have reserved capacity
81	WG10	LC	Ofgem to consider whether connection point and capacity reservation for interconnectors/OHAs would be sufficient to meet requirements for the Cap and Floor process

Attendees (excluding Observers)

Name	Initial	Company	Role
Catia Gomes	CG	Code Administrator, ESO	Chair
Elana Byrne	EB	Code Administrator, ESO	Technical Secretary
Tammy Meek	TM	Code Administrator, ESO	Technical Secretary
Alice Taylor	AT	ESO	Proposer CMP435
David Halford	DH	ESO	Proposer Alternate CM096
Alex Curtis	AC	ESO	Subject Matter Expert

Anca Ustea	AU	ESO	Subject Matter Expert
Paul Mullen	PM	ESO	Subject Matter Expert
Richard Paterson	RP	ESO	Subject Matter Expert
Ruth Matthews	RM	ESO	Subject Matter Expert
Michael Oxenham	MO	ESO	Subject Matter Expert
Kav Patel	KP	ESO	Subject Matter Expert
Liam Cullen	LC	OFGEM	Authority Representative
Alex Rohit	AR	Statkraft	Workgroup Member Alternate CMP435
Andrew Colley	AC	SSE Generation	Workgroup Member Alternate CMP435
Andy Dekany	AD	National Grid	Workgroup Member CMP435
Ben Adamson	BA	Low Carbon	Workgroup Member Alternate CMP435
Callum Dell	CD	INV Energy	Workgroup Member CMP435
Charles Deacon	CDe	Eclipse Power Solutions	Workgroup Member CMP435
Claire Hynes	CH	RWE Renewables	Workgroup Member CMP435 &CM096
Clare Evans	CE	Scottish Power Energy Networks	Workgroup Member Alternate CMP435
Deborah MacPherson	DM	Scottish Power Renewables	Workgroup Member CMP435
Gareth Williams	GW	Scottish Power Transmission	Workgroup Member CMP435 &CM096
Garth Graham	GG	SSE Generation	Workgroup Member CMP435
Grant Rogers	GR	Qualitas Energy	Workgroup Member CM096
Greg Stevenson	GS	SSEN Transmission	Workgroup Member CMP435 &CM096
Helen Snodin	HS	Fred Olsen Seawind	Workgroup Member CMP435 & CM096
Hooman Andami	HA	Elmya Energy	Workgroup Member CMP435
Jack Purchase	JP	NGED	Workgroup Member CMP435
James Devriendt	JD	UK Power Networks	Workgroup Member CMP435
Jenny Thompson	JT	Statkraft	Workgroup Member Alternate CMP435
Joe Colebrook	JC	Innova Renewables	Workgroup Member CMP435 & CM096

Jonathan Hoggarth	JH	EDF Renewables	Workgroup Member CMP435
Kyran Hanks	KH	WWA ltd	Workgroup Member CMP435 & CM096
Mark Field	MF	Sembcorp Energy	Workgroup Member CMP435
Niall Stuart	NS	Buchan Offshore Wind	Workgroup Member CMP435
Nina Sharma	NSh	Drax	Workgroup Member Alternate CMP435
Nirmalya Biswas	NB	Northern Powergrid	Workgroup Member CMP435
Paul Youngman	PY	Drax	Workgroup Member CMP435 & CM096
Phillip Robinson	PR	ITPEnergised	Workgroup Member CMP435
Ravinder Shan	RS	FRV TH Powertek Limited	Workgroup Member CMP435
Richard Woodward	RW	NGET	Workgroup Member CMP435 & CM096
Rob Smith	RS	ENSO Energy	Workgroup Member CMP435
Sam Aitchison	SA	Island Green Power	Workgroup Member CMP435
Samuel Railton	SR	Centrica	Workgroup Member CMP435 & CM096
Sean Gauton	SG	Uniper	Workgroup Member Alternate CMP435
Steffan Jones	SJ	Electricity North West Limited	Workgroup Member CMP435
Tim Ellingham	TB	RWE Renewables	Workgroup Member Alternate CMP435
Tony Cotton	TC	Energy Technical & Renewable Services	Workgroup Member CMP435 & CM096