

**Workgroup Consultation**

**CM096: Application of Gate 2 Criteria to existing contracted background**

**Overview:** The related [CMP434](#) and [CM095](#): “Implementing Connection Reform” Modifications introduce new processes and definitions that will update the existing processes and enable new applicants with more ready projects to progress more rapidly to connection. Gate 2 is a key component of the update; however, the size and rate of growth of the connections queue means that significant action is required as soon as possible to reduce the current queue so that viable projects can be connected more quickly and so that the benefits of our proposed Connections Reform model can be delivered earlier. This Modification and related [CMP435](#) “Application of Gate 2 Criteria to existing contracted background” seeks to address this by applying a project milestone/criterion (‘Gate 2’) to all existing contracted parties before they are provided with confirmed connection dates and locations.

**Modification process & timetable<sup>1</sup>**



**Have 10 minutes?** Read our [Executive summary](#)

**Have 30 minutes?** Read the full [Workgroup Consultation](#)

**Have 60 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(s) to the issue raised.

**This modification is expected to have a: High impact** on Transmission Owners and Electricity System Operator  
*[It is anticipated that CM096 could indirectly impact the following parties: Interconnectors, Generators (including embedded generators), Demand, Distribution Network Operators and Independent Distribution Network Operators as detailed in CMP435.]*

**Governance route** Urgent modification to proceed under a timetable agreed by the Authority (with an Authority decision)

<b>Who can I talk to about the change?</b>	<b>Proposer:</b> Steve Baker <a href="mailto:Stephen.Baker@nationalgrideso.com">Stephen.Baker@nationalgrideso.com</a> 07929 724347	<b>Code Administrator Chair:</b> Catia Gomes <a href="mailto:catia.gomes@nationalgrideso.com">catia.gomes@nationalgrideso.com</a>  07843816580

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

**How do I respond?**

Send your response proforma to [stcteam@nationalgrideso.com](mailto:stcteam@nationalgrideso.com) by **5pm on 06 August 2024**

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## 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 STC.

### 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. Changes to the STC (and STCPs) are required to facilitate such wholesale revision.

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

**Proposer's solution:** To facilitate the Connection and Use of System Code (CUSC) modification [CMP435](#), this proposal outlines the following:

- To define the obligations and timing changes between the ESO and TOs in the STC (and relevant STCPs) so that the ESO can facilitate the Gate 2 to Whole Queue process in the required timescales for in scope projects (Component A).
- Notification by the ESO to TOs as to which existing TOCAs are related to developers who have met Gate 2 criteria (and either do/do not seek connection date advancement) or have not met the Gate 2 criteria.
- For updated TOCAs of Gate 2 projects to be shared by TOs with the ESO via standard processes once the Gate 2 to Whole Queue network design process has been undertaken, and TOCAs for Gate 1 projects to be addressed by ESO and TOs on a case-by-case basis (Component A).
- As a result of the above, assessment of possible changes to TO Final Sums and transmission connection asset charges in the STC and/or STCPs (as appropriate) in relation to invoicing and payment timescales for realised abortive costs in the event of a project becoming a Gate 1 project (potentially only over an upper threshold value) (Component A).

**Implementation date:** 01 January 2025

### What is the impact if this change is made?

In relation to in-scope existing connection contracts held between the ESO and projects developers, by a specified deadline project developers will need to demonstrate to the ESO that they have met the Gate 2 criteria. This will allow them to retain their connection point and connection date (with the potential for advancement) or, if not, they will be transferred to an indicative connection point and connection date until the Gate 2 criteria are met and a Gate 2 process is followed (as being introduced under [CMP434](#)). As a result of this, the ESO will provide the status of such in-scope existing developers to the TOs after the deadline to inform a Gate 2 to Whole Queue network design exercise undertaken by the TOs and resulting in any updates (as and where required) for the agreements held between the ESO and TOs. This will allow the ESO to then update the contracts of Gate 2 projects.

## Interactions

This code modification directly interacts with a change to the CUSC, [CMP435](#).

There are also interactions with the separate (but related) modifications addressing Implementing Connections Reform: [CMP434](#) and [CM095](#).

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

1. [CMP434 Implementing Connections Reform](#)
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](#) (this document)

## 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 this process, including arrangements between the ESO and TOs which facilitate it - 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. Changes to the STC (and STCPs) are required to facilitate this wholesale revision (which is as proposed here and within the [CMP435 Workgroup Consultation](#)). Due to the growth and volume of the contracted background and the adverse impact on connection dates and network planning, this wholesale revision needs to address the contracted background. Further information can be found within the [CMP435 Workgroup Consultation](#).

### Scope

The scope of this proposal is to facilitate, through the STC (and STCPs), the proposal set out in the [CMP435 Workgroup Consultation](#). This is proposed to be done by amending the relevant ESO/TO processes within the STC (and STCPs) in relation to connections, and with a minimum change necessary approach to doing so.

### Why change?

The overall reason for changing the connections process can be found within the [CMP435 Workgroup Consultation](#). The reason for changing the STC (and STCPs) specifically is to allow the ESO and TOs to facilitate the delivery of the reformed connections process proposals as set out within the [CMP435 Workgroup Consultation](#). Without the changes to the STC and STCP set out in this proposal the reformed connections process cannot be delivered (due to the importance of ESO/TO processes in the overall connections process).

## What is the solution?

### **Proposer's solution**

In respect of the Proposals within [CMP435](#) there are several notable STC/STCP specific areas of the Proposals as follows:

- To define the touchpoint and timing changes between the ESO and TOs in the STC (and relevant STCPs) so that the ESO can facilitate the Gate 2 to Whole Queue process in the required timescales for in scope projects (Component A).
- The ESO will notify the TOs as to which existing TOCAs are related to projects who have not met the Gate 2 criteria once this is known within the Gate 2 to Whole Queue process (Component A).
- The ESO will notify TOs as to which existing TOCAs are related to developers who have met the Gate 2 criteria (and do not seek connection date advancement) once this is known within the Gate 2 to Whole Queue process (Component A).
- The ESO will notify TOs as to which existing TOCAs are related to developers who have met the Gate 2 criteria (and seek connection date advancement) once this is known within the Gate 2 to Whole Queue process (Component A).
- Once the Gate 2 to Whole Queue network design process has been undertaken the TOs will send updated TOCAs for such Gate 2 projects to the ESO through the standard TOCA update processes (Component A).
- TOCAs related to Gate 1 projects will be suitably addressed by the ESO and TOs on a case-by-case basis once Gate 1 projects are known (Component A).
- As a result of the above, TO Final Sums related changes may be required in the STC and/or STCPs (as appropriate) in relation to invoicing and payment timescales related to any realised abortive costs associated with Gate 1 projects in the event of termination (potentially only where over an upper threshold value) (Component A).

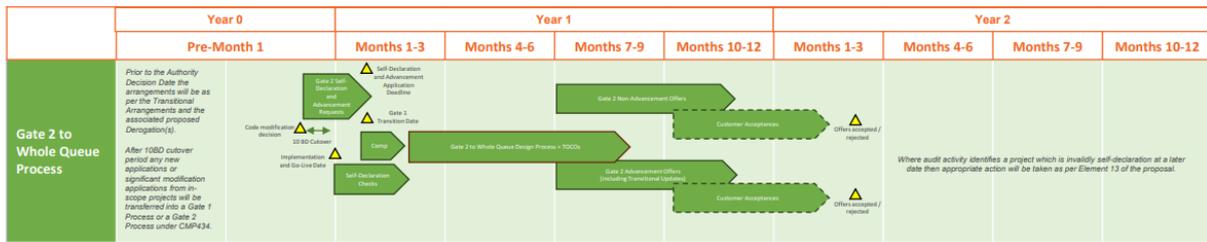
### **Component A: Proposed Process and Timescales, including ESO/TO Obligations**

The following diagram provides a high-level overview of the current intent for the proposed Gate 2 to Whole Queue Process. The appropriate level of codification related to the process 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 process duration, as well as the process steps, under review based on stakeholder feedback to this consultation.

Indicative Process Timeline

Indicative (at the time of this consultation) process timeline

Gate 2 to Whole Queue Process is a One-Off Exercise



**Gate 1 Transition Date**  
 From the Authority approved code modification Implementation Date (i.e. anticipated to be 1<sup>st</sup> January 2025) to 31<sup>st</sup> January 2025 (at the time of this consultation) developers will be able to evidence the Gate 2 criteria via a self-declaration route.  
 (However, between the Authority Decision Date and the implementation Date evidence could potentially be informally submitted pending the implementation Date.)  
 On 1<sup>st</sup> February 2025 any developers/projects which have not self-declared that they have met the Gate 2 criteria will become Gate 1 projects via a CUSC change to have this effect.

**Gate 2 Non-Advancement Offers**  
 All developers/projects from the contracted background which have self-declared that they have met the Gate 2 criteria and do not request advancement will be provided with an offer to introduce ongoing Gate 2 compliance obligations based on their existing contracted connection date. Ongoing Gate 2 compliance will commence from contract acceptance. This will be done after the completion of the Gate 2 to Whole Queue Design Process to ensure that any reduction/change in transmission reinforcement works, securities, etc., can be included in the Offer. Projects not accepting their Gate 2 Offers will become Gate 1 projects.

**Gate 2 Current Queue Design Process + TOCOs and Gate 2 Advancement Offers (including Transitional Updates)**  
 Includes developers/projects from contracted background who have self-declared they have met the Gate 2 criteria by the deadline and requested advancement AND those with transitional contracts (subject to derogation approval) who have self-declared they have met the Gate 2 criteria by the deadline. For those who have requested advancement, an Offer will only be provided where such advancement is possible (after the network design process). Ongoing Gate 2 compliance will commence from contract acceptance. Where advancement is not possible (or where not accepted) a Gate 2 Non-Advancement Offer will be provided.

Until a project becomes a Gate 1 project at the Gate 1 Transition Date, or a Gate 2 project upon acceptance of an Offer, as above, the existing contract remains in place. Therefore, User Commitment / Final Sums will continue to be requested / placed based on the contractual position at the time. As and when there is a change to the contractual position, as above, then liability and security will be adjusted accordingly to reflect the updated contractual position at the point it becomes effective. Any surplus security will be returned in a reasonable period of time after the change becomes effective.

Please note that for Distributed Embedded Generators the process principles will be the same. However, because the contractual interface is via the DNO or transmission connected IDNO there will be slight variations in the actual process design.

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

Arrangements will also need to be included in relation to the proposed new methodologies that are planned to be introduced as described in [CMP435](#). 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<sup>st</sup> January 2025).

**Workgroup considerations**

The Workgroup convened 13 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**

All discussions on the context of the Proposer’s solution can be found within the Workgroup Considerations section of the [CMP435 Workgroup Consultation](#). The below outlines the discussions specific to the STC that have been discussed within the Workgroups.

The Proposer advised that CM096 is looking at the same defect and solution associated with CUSC modification [CMP435](#). The Proposer also advised that the scope of CM095 is broadly the same as [CMP435](#), however the STC modification focuses mostly on timings and communications between the ESO and TOs, to facilitate the [CMP435](#) proposal.

**Connection Point and Capacity Reservation**

The Proposer outlined that the STC currently has provision for substation bay reservation under STCP 16-1 4.3.4. They noted that they plan to expand and continue to use this right under these proposals, separate to the Gate 2 criteria, and in limited circumstances e.g.

planned to be to facilitate Network Service Procurement (previously known as Pathfinders), future network competition processes, and offshore co-ordination activities.

Workgroup members queried what transparency and visibility stakeholders would have, and where costs (e.g., delay fees) would be recovered from. It was also queried how the reservation of bays would affect projects within the existing queue. Workgroup members noted that they thought connection point and capacity reservation should be codified to ensure that it is clear which projects will qualify for a reserved bay; they also highlighted risks involved for projects already in the queue. The Proposer clarified that this process would effectively allow equal access to the reserved bays for projects successful in leasing rounds or network competitions, rather than having the ESO selecting specific projects for reserved bays in advance. Some Workgroup members advised that this part of the solution should be separate from Minimum Viable Product (MVP), noting that they thought further analysis should be undertaken by the ESO which could impact on urgent timelines.

The Proposer responded to a query that reservations could favour certain technology types by noting that the Holistic Network Design and strategic network design would be involved in this process to reserve appropriately (and technologies would still have to meeting the Gate 2 criteria to get a reserved bay).

**Legal Text Discussions**

While legal text will be developed further post-consultation, a section of the STC expected to be amended was outlined by the respective Proposer to be Section I (Transition to codifying the arrangements to reflect the CUSC transition of existing agreements into Gate 1 and Gate 2) with other sections to be discussed in due course e.g., Section D (re: connection point and capacity reservation).

A Workgroup member (and TO party) asked about the relationship between TOCAs and Gate 1/Gate 2 offers. The Proposer legal representative agreed that legal text for the STC will need to manage the ESO and Developer agreements becoming Gate 1/Gate 2. For example, a process in the STC to remove an existing TOCA if/when necessary, but it will not be a wholesale inclusion of Gate 1/Gate 2 CUSC legal text into the STC. Rather, the STC legal text will reflect the CUSC changes from CMP435, not replicate them.

**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**

<b>Proposer’s assessment against STC Objectives</b>	
<b>Relevant Objective</b>	<b>Identified impact</b>
(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act	<b>Positive</b> 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.
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	<b>Neutral</b>
(c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity	<b>Positive</b> Quicker connections for viable projects (by removing speculative and stalled projects from the connections queue) needed to deliver Net Zero (at the moment developers seeking to connect are experiencing significant delays, with some customers being offered connection dates in the late 2030s)
(d) protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees	<b>Neutral</b>
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC	<b>Neutral</b>
(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;	<b>Positive</b> Addresses the current queue (by reducing the size of the current queue or slowing down the rate at which new projects are added to the queue) allowing readier and/or more viable projects to access earlier connection dates.
(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	<b>Neutral</b>

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

**When will this change take place?**

**Implementation date**

1 January 2025

**Date decision required by**

13 December 2024<sup>2</sup>

**Implementation approach**

At the time of this WG consultation the go-live date is anticipated to be 1<sup>st</sup> January 2025, with the deadline for project developers to self-declare that their projects have met the Gate 2 criteria (and if so indicate whether they want an advanced connection date) anticipated to then be 31<sup>st</sup> January 2025. As a result, the ESO will provide the TOs with the status of the in-scope existing projects (i.e. Gate 1, Gate 2 with no advancement, or Gate 2 with advancement) after the deadline (so anticipated to be provided to the TOs by 28<sup>th</sup> February 2025).

The ESO will then provide the TOs with Construction Planning Assumptions (CPA) to facilitate the TOs in undertaking a Gate 2 to Whole Queue network design exercise in accordance with the proposed Connections Network Design Methodology (CNDM).

Any new applications or Significant Modification Applications received by the ESO after the cutover date (i.e., 10 Business Days after the Ofgem Decision on CMP434/CMP435) will be processed under the arrangements set out in CMP434 (and CM095), and not under CMP435 and CM096.

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

**Interactions**

- |   |   |  |                               |
|---|---|--|-------------------------------|
| <input type="checkbox"/> Grid Code              | <input type="checkbox"/> BSC                            | <input checked="" type="checkbox"/> CUSC                                 | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European Network Codes | <input checked="" type="checkbox"/> Other modifications | <input checked="" type="checkbox"/> Other – Transmission Licence Changes |                               |

This modification directly interacts with [CMP435](#). There are also interactions with [CMP434](#) and [CM095](#).

Changes will be required to the ESO and TO licences to facilitate this code modification; the ESO have been engaging with the Authority regarding these potential changes.

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

<sup>2</sup> This represents the current proposed timeline for this modification (as of 25 July 2024), which is pending Authority approval.

How to respond

### **Standard Workgroup consultation questions**

1. Do you believe that the Original Proposal and/or any potential alternatives better facilitate 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?

### **Specific Workgroup consultation questions**

5. Is the proposed CM096 solution sufficient to facilitate the entirety of the related [CMP435](#) proposed solution or do you believe there are/might be any other provisions required? Please provide detail and justification on these.
6. In relation to Q5, are there any changes to STCPs required for day 1 implementation (which are not already dealt with in the main STC legal text changes) needed to facilitate [CMP435](#)? Please provide detail and justification on these.
7. In your consideration of the CM096 proposal, are there any potential risks for implementation which might also impact the [CMP435](#) or [CMP434/CM095](#) proposals? Please provide detail and justification on your answer.

The Workgroup is seeking the views of STC 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 [stcteam@nationalgrideso.com](mailto:stcteam@nationalgrideso.com) using the response proforma which can be found on the [CM096 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
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CM	Code Modification (STC)
CNDM	Connections Network Design Methodology
CPA	Construction Planning Assumptions
CUSC	Connection and Use of System Code
ESO	Electricity System Operator
GB	Great Britain
Go Live Date	The date at which the new process in the legal text goes live, on or after the implementation date
MVP	Minimum Viable Product
STC	System Operator Transmission Owner Code
STCP	System Operator Transmission Owner Code Procedures
SQSS	Security and Quality of Supply Standards

TO	Transmission Owner
TOCA	Transmission Owner Construction Agreement

## Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Terms of reference
Annex 3	Urgency letters
Annex 4	Indicative process timeline
Annex 5	CM096 Workgroup Consultation Response Proforma