

What is the solution?

Proposer's solution

Element 1. Proposed Authority approved methodologies and ESO guidance¹

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 Authority² Guidance and Queue Management Guidance³ (as is currently the case, but as amended/expanded as a result of these proposals e.g. in respect of the Gate 2 Criteria).

¹ 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.

² Which was introduced into the CUSC with [CMP427](#).

³ As introduced by [CMP376](#).

Commented [MO(1)]: Please note that this post-consultation update doesn't include any changes that may be required (particularly in relation to the Methodologies) as a result of CP30.

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.

Commented [MO(2)]: Reference to go-live date to be updated throughout to reflect the updated go-live date.

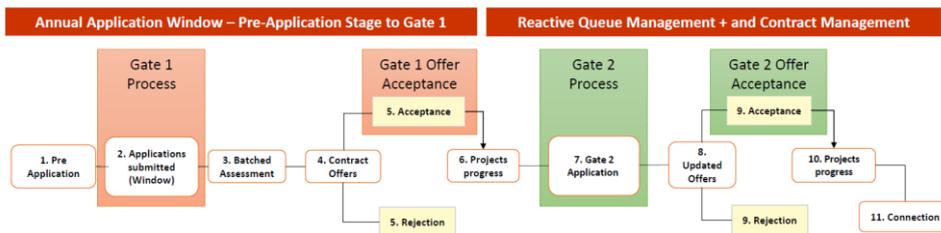
Element 2. Introducing a bi-annual application window and two formal gates, which are known as Gate 1 and Gate 2 (i.e. the Primary Process)

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 [bi-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~~).

Commented [MO(3)]: To update.

Under this Primary Process ~~(see the diagram below and Annex 4 for an illustration)~~, there will be a combined Gate 1 and Gate 2 Process (meaning an application can be submitted in this process for the optional Gate 1 process only, or - instead of, or subsequently to - for the mandatory Gate 2 process only, if and when the Gate 2 criteria has been achieved). The optional Gate 1 process and associated offer/agreement will provide any relevant applicants with an indicative capacity, connection date and connection point following the Gate 1 assessment⁴; no User Commitment / Final Sums will apply at this stage. The purpose of the optional Gate 1 being to support more strategic network planning and facilitate the potential for earlier connection dates being provided at Gate 2 for some projects than would otherwise have been the case. Please note that Connection Point and Capacity Reservation could be utilised by the ESO in certain circumstances in relation to applications within the Gate 1 process – please see Element 10 for further information.

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

⁴ 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.

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

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
<ul style="list-style-type: none"> • Directly Connected Generation • Directly Connected Interconnectors and Offshore Hybrid Assets • Directly Connected Demand • Large Embedded Generators <ul style="list-style-type: none"> ○ Whether a BELLA or a BEGA (via the ESO) ○ Whether embedded within in a DNO or an IDNO network. • Relevant Small and Medium Embedded Generators <ul style="list-style-type: none"> ○ Via DNOs/IDNOs and included in ESO/DNO (or ESO/IDNO) contracts (e.g. Appendix G) ○ Includes such projects opting for a BEGA (via the ESO) 	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.*~~
- ~~*BEGA and BELLA applications can be submitted to the ESO outside of an application window (as is described in Element 2 above). Once the corresponding DNO/transmission connected IDNO modification application has been received in an application window, they can both be processed within that Gate 2 Process.*~~
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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 go through a relevant~~ 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 5⁵. This guidance will be published by the ESO after the Authority Decision Date and prior to the go-live date.

Commented [MO(4)]: To be updated to remove Gate 1 Process.

For the avoidance of doubt, where a connection point and/or capacity has been reserved for a specific project under Element 10, such projects will, for the purpose of the request for a Significant Modification Application, be treated as Gate 2 Projects.

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 Projects⁶~~

~~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 DNOs⁷ 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.~~

⁵ 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.

⁶ Thresholds: England and Wales 1MW – 100MW; Southern Scotland 200kW – 30MW and Northern Scotland 50kW-10MW.

⁷ Distribution connected iDNOs submit their forecasts to the DNO.

~~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.~~
Large Embedded Generators

BEGA/BELLA applications can be made to the ESO at any time of the year and is no longer tied to an application window. Where the ESO receives a BEGA/BELLA application, the requirement to notify the DNO/transmission connected iDNO will continue to apply.

Large Embedded Generators will go through the Gate 2 application window once they have met the Gate 2 criteria, but they also need a supporting DNO/transmission connected iDNO modification application with the additional information needed to enable the BEGA/BELLA application to be processed by the ESO and TO (which is the same requirement as now for applications today).

Once both applications have been received by the ESO, the BEGA/BELLA application can then go through the next available Gate 2 window/process. If both are deemed competent, the BEGA/BELLA applicant can progress into the Gate 2 design process.

If a Large Embedded Generator wants to receive a Gate 1 offer prior to having met the Gate 2 criteria, it must submit the BEGA/BELLA application to the ESO in the application window, but no modification application is needed from the DNO/transmission connected iDNO. The Large Embedded Generator will receive a Gate 1 offer from the ESO based on their BEGA/BELLA application.

Relevant Embedded Small/Medium Generators requesting a BEGA

BEGA applications can be made to the ESO at any time of the year and is no longer tied to an application window. Where the ESO receives a BEGA application, the requirement to notify the DNO/transmission connected iDNO will continue to apply.

The embedded customer must go through the Gate 2 process via their DNO/transmission connected iDNO, rather than via a direct application at Gate 2 to the ESO. Once both applications have been received by the ESO and are deemed competent, the BEGA application can progress into Gate 2 design process.

Relevant Embedded Small/Medium Generators

Relevant Embedded Small/Medium Generators do not go through a Gate 1 process. Outside of the CMP434 code modification, the submission of a forecast of Small/Medium Embedded Generation will instead be developed under a Grid Code modification with an

implementation date post CMP434 implementation. Element 12 provides further detail on the general arrangements of this customer group in relation to Gate 2.

Offshore Projects

Offshore projects will need a Letter of Authority (LoA) offshore equivalent (referred to as a Letter of Acknowledgement) 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 assets⁸ 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 ~~any~~ 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~~ as per the arrangements set out in Element 10.

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 land⁹ / seabed leasing for the requisite area (as per the [CMP427 Energy Density guidance document published by the ESO](#)) as though they are interconnectors / offshore hybrid assets (as set out above) for the purposes of Gate 1 and Gate 2 criteria (but not regarding Connection Point and Capacity Reservation, as set out in Element 10).~~

⁸ 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.

⁹ ~~Ownership / lease / option as per Element 13 below.~~

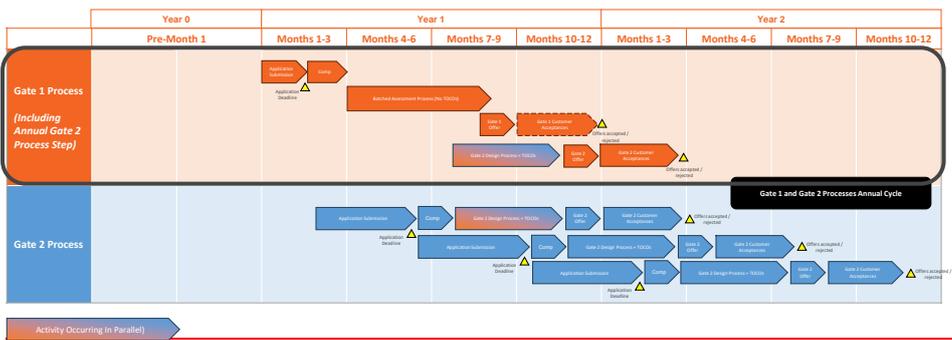
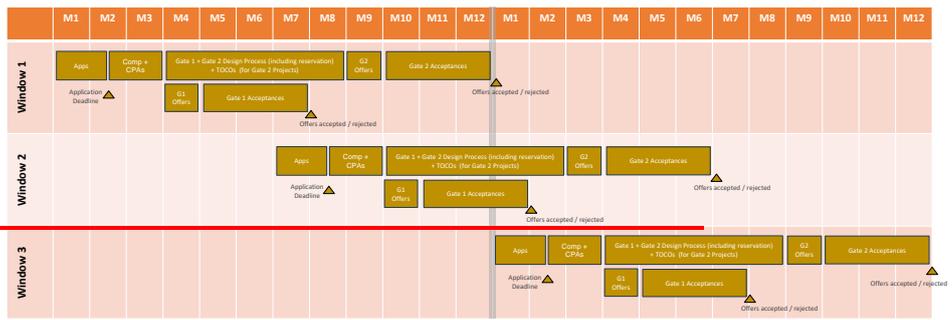
Within the scope of these changes, the Proposer is no longer proposing changes to more formally integrate both The Crown Estate and Crown Estate Scotland into the connection application process, which the Proposer now intends to possibly propose in a separate CUSC modification at a later date.

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 combined 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.~~

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Indicative Process Timeline (as set in in Annex 4)



There will be a, ~~at least in the first instance, an bi-annual combined~~ Gate 1 and Gate 2 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 the optional Gate 1 process will be as per the current

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CUSC requirements¹⁰ (but with the introduction of an ~~equivalent~~ Letter of ~~Acknowledgement~~ ~~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).~~

~~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 no longer proposed to introduce a 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~~

¹⁰ 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).

~~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 (DNO) 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 within the proposed Connections Network Design Methodology than those ~~which do not have~~without 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 released 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)¹¹, 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 part of 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 STCP¹² 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 amongst other things, 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-

¹¹ 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.

¹² This is a procedure set out in accordance with the SO/TO Code (STC).

ordination i.e. to protect the integrity of any ESO co-ordinated offshore network design¹³, 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 (amongst other things) 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~~Primary Process, 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.

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 ~~below 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.

Where a connection point and/or capacity has been reserved for a specific project, the ESO will bilaterally agree a reasonable minimum contractual reservation period with the developer and will thereafter (if the project has not passed Gate 2 within those timescales) review this annually on a case-by-case basis.

In summary, the most likely circumstances where 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 optional 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 above~~. For

¹³ 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.

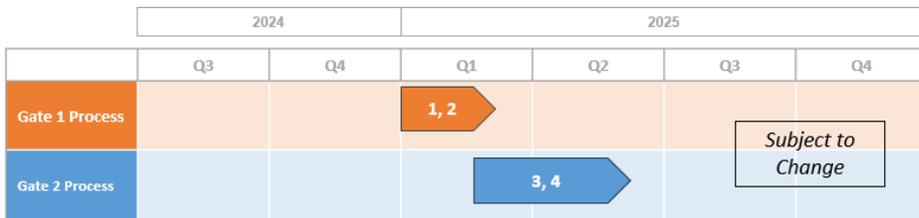
example, the ESO co-ordinated network design processes may indicate the preferred connection point for an interconnector and the preferred interface point for future co-ordinated offshore transmission associated with seabed to be leased to offshore wind farms ~~(as part of the Gate 1 process)~~. Those 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.

However, please note that the Proposer will also consider use of the Connection Point and Capacity Reservation process for other applications within the Gate 1 process where such reservation would protect the integrity of any broader overall co-ordinated network design.

~~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 facilitate 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 facilitate 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 Milestones¹⁴**

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](#). **The relevant ongoing compliance obligations in relation to red line boundaries would also be codified to an appropriate extent.** 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

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)¹⁵.
 - 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) submitted at the Gate 2 application (taking into account rent-free periods) must have at least a 3-year minimum period.

¹⁴ <https://www.nationalgrideso.com/document/294156/download> - see CUSC Section 16.3, which provides detail on the Queue Management Milestones.

¹⁵ 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.

(unless the Connection Date is < 3 years away or ESO discretion is applied via the Gate 2 Criteria Methodology¹⁶).

- 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. Please note that the option must continue to have at least a 3-year minimum period (unless the Connection Date is < 3 years away or ESO discretion is applied via the Gate 2 Criteria Methodology¹⁷).
- 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.~~

Projects that go down the Development Consent Order (DCO) planning route are intended to have an alternative option for Gate 2 evidence within the Gate 2 Criteria Methodology i.e. submission of the application for (DCO) planning consent. This mitigates the risk for developers who seek land rights later in their development process (e.g. they need to go through the DCO process to obtain land rights through the use of compulsory purchase order powers) so that they have an alternative (but more onerous) route to them to meeting Gate 2. Considering this route to meeting Gate 2 is effectively 'M1', the ongoing compliance that is proposed to be associated with queue management milestones would not be applicable. The ongoing compliance requirements in relation to red line boundary changes would also not likely be appropriate to apply in such circumstances.

We believe this choice is limited to DCO projects as it is only for DCOs where the planning process and land rights are more coupled.

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

¹⁶ Evidence that having to have and/or maintain a 3-year validity detrimentally impacts development of the project (exceptions are to be defined as part of the Gate 2 Criteria Methodology).

¹⁷ Evidence that having to have and/or maintain a 3-year validity detrimentally impacts development of the project (exceptions are to be defined as part of the Gate 2 Criteria Methodology).

All Technologies (Except <u>Non-GB, OHAs and Interconnectors</u>)	<u>Non-GB, OHAs and Interconnectors</u>
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 Converter 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), except for those projects meeting Gate 2 criteria via a DCO route:

- 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 Milestones¹⁸ 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 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

¹⁸~~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.~~

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 in the code (to an appropriate extent).~~

The Proposer's current proposal for red line boundary compliance (which is planned to be housed in the ~~accompanying proposed Gate 2 Criteria Methodology code, to an appropriate extent~~) 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~~installed capacity) 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 (to the extent necessary) for that developer's project i.e. where installed capacity outside of the original red line boundary is greater than permitted through these proposed ongoing compliance requirements.

~~In addition~~To elaborate, where a developer builds any installed 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 installed capacity remains within the original red line boundary. This will be calculated by reference to the installed capacity planned to be (or actually) built within the original red line boundary. The proposal is that for whatever installed capacity is built within the original red line boundary, only 50%¹⁹ of that number, unless ESO discretion is applied in circumstances where the developer can suitably evidence that applying this test has a detrimental impact on their normal project development and in circumstances which could not have reasonably been avoided, 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 Installed Capacity (and TEC)

- 500MW installed capacity 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 2+ window.

Example 2: 1000MW Installed Capacity (and TEC)

- 667MW installed capacity 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 Installed Capacity (and TEC)

- 700MW installed capacity in the original red line boundary.

Commented [MO(7)]: This is what has changed compared to v1 of this document circulated last week, thanks.

¹⁹ 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 350MW²⁹ (i.e. 50% of the 700MW within the original red line boundary) will be allowed outside the original red line boundary.
- No TEC reduction. However, whilst 350MW installed capacity would be permitted outside of the original red line boundary with 700MW located within the original red line boundary, as the TEC is 1000MW any installed capacity greater than 1000MW will also need to factor in any related TEC (and/or CEC) limitations.

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 they provide as part of their evidence in meeting Gate 2.

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:

- 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 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

²⁹ 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). We note that TEC is contractual and does not generally align with the capacity of the assets being installed. Some sites will install greater generation capacity than TEC to, more efficiently, utilise limited network and all infrastructure. All this example is trying to illustrate is that any TEC beyond contracted TEC (1000MW) needs to be applied for via a new application.

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

<u>Planning Type</u>	<u>ESO Proposal (at time of Workgroup Consultation), assuming some land and planning work are done in parallel</u>	<u>Typical timescales based on views of some Workgroup Members</u>	<u>ESO revised Proposal (following Workgroup Consultation)</u>
<u>Town and Country Planning (England, Scotland and Wales)</u>	<u>1 year</u>	<u>1.5 years</u>	<u>2 years</u>
<u>Section 36 (England/Scotland)</u>	<u>1 year</u>	<u>1.5 years</u>	<u>3 years</u>
<u>Development of National Significance (Wales)</u>	<u>1.5 years</u>	<u>2 years</u>	<u>3 years</u>
<u>NSIP / DCO (England)</u>	<u>2 years</u>	<u>3 years</u>	<u>3 years</u>
<u>Offshore (including Offshore Wind, Interconnectors and OHAs)</u>	<u>N/A</u>	<u>N/A</u>	<u>5 years</u>
<u>Nuclear</u>	<u>N/A</u>	<u>N/A</u>	<u>Case-by-Case</u>
<u>Novel technologies</u>	<u>N/A</u>	<u>N/A</u>	<u>Case-by-Case</u>

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.

To mitigate the risk of a developer having to submit their application for planning objectively too early in their development cycle, we will introduce discretionary milestone adjustment ability for the ESO e.g. where a developer asks for an earlier connection date and gets a later connection date, or where a development asks for and gets a later connection date (due to normal programme timescales e.g. mega projects) to avoid unintended outcomes.

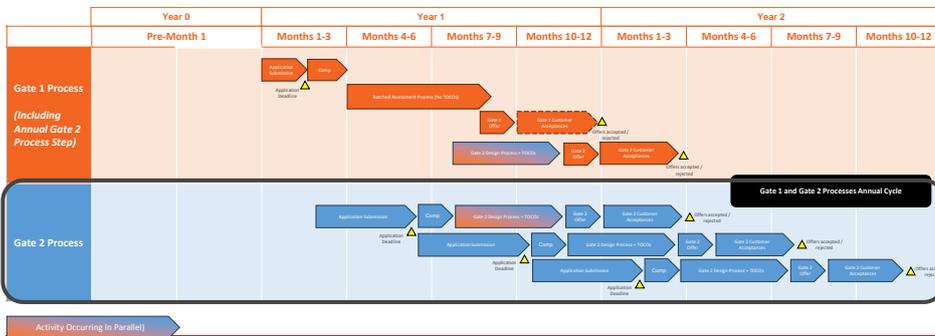
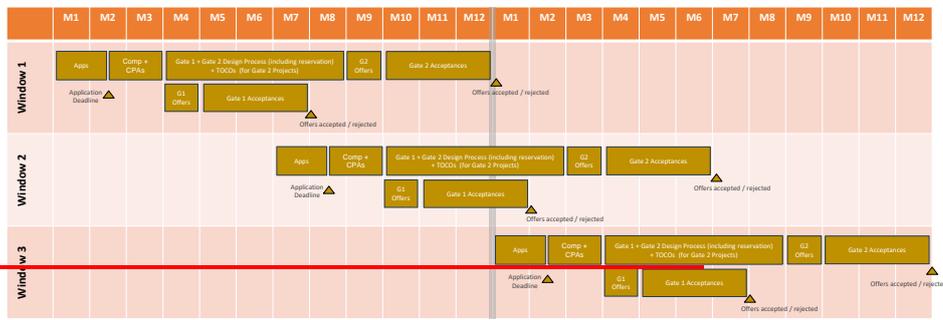
Element 12. Setting out the general arrangements in relation to Gate 2

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

Commented [MO(8)]: To update.

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 confirmed²¹ 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~~

²¹ It is currently suggested that there will be two three such tranches per year as set out in Annex 4.

~~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).~~

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.~~ For a Relevant Embedded Small/Medium Power Station applying for a BEGA, this can be applied for throughout the year, but the DNO/transmission connected IDNO will still need to submit a Gate 2 application in a Gate 2 window to the ESO. The DNO/transmission connected iDNO will need to agree that the Generator has met the Gate 2 criteria.

Projects that are related to a Large Embedded Generator can apply for a BEGA/BELLA throughout the year, but the DNO/transmission connected iDNO will still need to submit a Modification Application in an application window. The ESO will verify that the Generator has met the Gate 2 criteria as part of the processing of the BEGA/BELLA application.

DNOs and transmission connected iDNOs will have a maximum of 10 business days after the closure of the Gate 2 window to submit their fully completed Gate 2 application including Data Registration Code (DRC) / technical data. This recognises that DNOs and transmission connected iDNOs are required to produce additional information as part of their application to the ESO. This information is collated based on Relevant Embedded Small/Medium Generation applications. This approach is intended to allow embedded generators to have a similar Gate 2 window duration to Transmission applications.

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 ~~C~~riteria ~~M~~ethodology. 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 (including site address/co-ordinates) 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 energy²²) 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.~~
- ~~Explanation of any known overlaps.~~
- ~~Intended planning regime to be followed.~~
- ~~Current Project Status i.e. a drop-down and free text to expand on progress (include drop down menu and free text to explain if wish to expand).~~
-

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.

²² 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).

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 and/or DNO/transmission connected iDNO will check have the right to check 100% that of all the statements / evidence (rather than the underlying evidence) set out in Self-Certifications/Declarations, meet the Gate 2 criteria.~~

~~However, there will also be sample checks~~The ESO will further reserve the right to check 100% (the minimum percentage size of the sample to be defined by ESO/DNO/transmission connected iDNO) of the evidence of secured land rights in respect of ~~cluding~~ 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.

~~The ESO propose to check evidence of secured land rights for directly connected and large embedded projects and DNOs and Transmission connected iDNOs to check evidence of secured land rights for Relevant Embedded Small or a Medium Power Station. However, the ESO will also conduct duplication checks for all projects in totality. These checks will be undertaken prior to provision of Gate 2 offers i.e. they will not be done as part of the application competency stage of the process and self-declaration will be relied upon in respect entry into a Gate 2 process.~~

Where a statement and/or evidence is in question and/or 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 with the position, (including, in respect of duplication checks, 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 and may not be provided with a Gate 2 Offer in the Gate 2 Process. Further information will be included within the Gate 2 Criteria Methodology.

Element 14. Gate 2 Offer and Project Site Location Change

~~It is no longer proposed to introduce Gate 2 Offer and Project Site Location Change arrangements are no longer proposed.~~

~~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 consequences²³, 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).~~

²³ 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).²⁴

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).

Commented [MO(9)]: To update.

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.

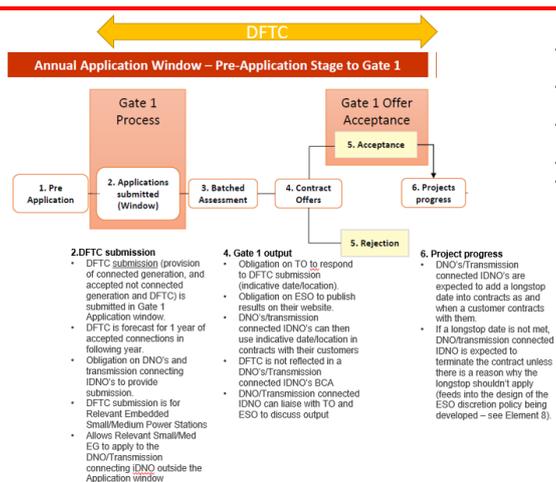
As a consequence of the introduction of the proposed CNDM the Interactivity Guidance Policy would also likely need to be updated by the ESO, to reflect the fact that first come first served capacity allocation will no longer be applicable. Therefore, interactivity policy will need to be different (if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

²⁴ 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 Stations²⁵ aligned to the Gate 1 Application Window

It is no longer proposed (within this code modification) to introduce the concept of DFTC.

~~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~~

²⁵ 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)).

~~proposals the relevant parties that will be required to submit a DFTC submission are a 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 Gate 1 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)²⁶ 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) data²⁷ to the ESO within the Gate 2 application window²⁸. As is today, there will be an application fee (to be paid²⁹ 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.

²⁶ 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.

²⁷ It is expected that the same DRC/technical data is required as per the existing process for Project Progression/TIA.

²⁸ It is anticipated, ~~at the time of this consultation,~~ that there will be ~~two~~^{three} such Gate 2 windows per annum.

²⁹ 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 BEGA Gate 2 application direct to the ESO ~~via the Primary Process at Gate 2~~, the DNO/transmission connected iDNO will, 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).

DNOs and transmission connected iDNOs will have a maximum of 10 business days after the closure of the Gate 2 window to submit their fully completed Gate 2 application including Data Registration Code (DRC) / technical data. This recognises that DNOs and transmission connected iDNOs are required to produce additional information as part of their application to the ESO. This information is collated based on Relevant Embedded Small/Medium Generation applications. This approach is intended to allow embedded generators to have a similar Gate 2 window duration to Transmission applications.

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.

When will this change take place?

Implementation date

01 January 2025

Commented [MO(10)]: To Update

Date decision required by

13 December 2024³⁰

Commented [MO(11)]: To Update

Implementation approach

The proposed implementation approach can be summarised as follows:

- 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 combined Gate 1 and Gate 2 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 Decision³¹ to approve this Modification) will be moved into the first combined Gate 1 Process and 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 methodologies³² (mentioned in this CMP434 proposal) have been approved, by the

Commented [MO(12)]: To Update.

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³⁰ This represents the current proposed timeline for this modification (as of 25 July 2024), which is pending Authority approval.

³¹ 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.

³² As listed in Element 1, on page 9.

Authority, within timescales which allow go-live to occur from the 01 January 2025 date for new applications and Significant Modification Applications.

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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 combined Gate 1 ~~and~~ Gate 2 application windows.

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 2024³³ 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.

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³³ This represents the current proposed timeline for this modification (as of 25 July 2024), which is pending Authority approval.