

## What is the solution?

Please note that throughout this section:

- **Black text** describes each element of the proposal in the context of CMP435, noting that CMP435 (and [CM096](#)) is contingent upon [CMP434](#) (and [CM095](#)).
- **Purple text** generally explains the key differences between the element in [CMP434](#) and the same element in CMP435.
- **Red text** indicates that an element of [CMP434](#) that is not applicable to CMP435.

A summary of the purple text and red text differences between [CMP434](#) and CMP435 can be found in a table in Annex 6.

### Element 1. Proposed Authority approved methodologies and ESO guidance<sup>1</sup>

The following element is the same as [CMP434](#), except the references to guidance on Significant Change and Material Technology Change have been removed in respect of CMP435, as they are not applicable in the context of CMP435.

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 proposed 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 Transmission Owner’s transmission licence) would provide a more appropriate balance of flexibility and governance when compared to the current

**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.

<sup>1</sup> To help you navigate the document, the various elements of the ‘Proposer’s solution’ have been broken down into 20 distinct parts (number 1-20) which are then referred to, as ‘elements’, in the following ‘Workgroup considerations’ part of this document. The first 18 elements are the same elements in the same order as those within [CMP434](#) (which we suggest you have read prior to this consultation). However, where elements of [CMP434](#) are not applicable to CMP435 this has been highlighted, and differences between those elements related/relevant to both modifications have been incorporated within each of the relevant elements. The two (additional) Elements which are only applicable to CMP435 have been added to the end of the Proposer’s solution i.e., Element 19 and Element 20.

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 document<sup>2</sup> (subject to change and not necessarily required by the CUSC):

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- Letter of Authority<sup>3</sup> Guidance and Queue Management Guidance<sup>4</sup> (as is currently the case, but as amended/expanded as a result of these proposals e.g., in respect of the proposed new Gate 2 Criteria contained in [CMP434](#)).

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, we do not expect there would be any opportunity for industry to propose Alternatives or to raise their own modifications to the proposed Authority approved Methodologies.

<sup>2</sup> Whilst not directly relevant to existing in-scope projects under CMP435, it is worth noting that guidance on Significant Modification Applications and Material Technology Changes will apply to existing in-scope connection contracts if and when such developers seek to amend their connection contracts after the go-live date for [CMP434](#), which ~~at this time of this consultation~~ is anticipated to be 01 January 2025.

<sup>3</sup> As introduced by [CMP427](#).

<sup>4</sup> As introduced by [CMP376](#).

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, TOs) 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 01 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.

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

This element is not part of the CMP435 Proposal and is only part of the [CMP434 Proposal](#).

**Element 3. Clarifying which projects go through the Gate 2 to Whole Queue Process**

The following element is the same as [CMP434](#), except the table has been updated and referenced to new applications in respect of BEGAs/BELLAs have been removed, as being specific to [CMP434](#).

It is proposed that the following groups of customers, who, at the 'go-live' date, hold a relevant connection agreement with the ESO, will follow the Gate 2 to Whole Queue 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	CMP435
<ul style="list-style-type: none"><li>• Directly Connected Generation</li><li>• Directly Connected Interconnectors and Offshore Hybrid Assets</li><li>• Directly Connected Demand</li><li>• Large Embedded Generators<ul style="list-style-type: none"><li>◦ Whether a BELLA or a BEGA (via the ESO)</li><li>◦ Whether embedded within in a DNO or an IDNO network.</li></ul></li><li>• Relevant Small and Medium Embedded Generators<ul style="list-style-type: none"><li>◦ Via DNOs/IDNOs and included in ESO/DNO (or ESO/IDNO) contracts (e.g. Appendix G)</li><li>◦ Includes such projects opting for a BEGA (via the ESO)</li></ul></li></ul>	Contracted and Connected (but only in relation to any project stages which are yet to be Energised)
'Significant' Modification Applications (in relation to the above)	N/A

**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 [CMP435](#) 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.*
- ~~*Any parties (if any) holding a Step One agreement issued under the temporary two-step connection offer process that was in place from 01 March 2023 to 27 November 2023 in England and Wales are included. (As a Step One offer has similar contract requirements as a Gate One offer but will be updated to a Gate 1 offer.)*~~

#### Element 4. Significant Modification Applications

This element is not part of the CMP435 Proposal and is only part of the [CMP434](#) Proposal.

However, it is worth noting that guidance on Significant Modification Applications and Material Technology Changes will apply to existing in-scope connection contracts if and when such developers seek to amend their connection contracts after the go-live date for [CMP434](#), which at this time of this consultation is anticipated to be 01 January 2025.

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#### Element 5. Clarifying any Gate 2 to Whole Queue differences for customer groups

The following element is the same as [CMP434](#), except ~~DFTC and~~ the requirements for an Offshore Letter of Authority equivalent at Gate 1 have been removed as not relevant to CMP435. Reference to the descope aspects of the proposal related to The Crown Estate and Crown Estate Scotland have also been removed for the same reason.

##### Offshore Projects

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 converter station and be provided by the relevant onshore landowner(s).

Additionally, due to circularity created by the above, for interconnectors and offshore hybrid assets, 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 2, etc.~~ For the avoidance of doubt, such projects will need to provide evidence to the ESO, at Gate 2, of land<sup>5</sup>/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 the Gate 2 criteria (but not regarding Connection Point and Capacity Reservation, as set out in Element 10).

#### **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**

This element is not part of the CMP435 Proposal and is only part of the CMP434 Proposal.

#### **Element 7. Fast-Track Disagreement Resolution Process**

This element is no longer part of the CMP435 (or CMP434) Proposal.

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.

~~The following element is the same as CMP434, except it has been clarified that for existing connection contracts the 3-year period commences at the point at which they become akin to a Gate 1 contract (as set out in Element 19). The position for Relevant Small and Medium Embedded Generators has also been included (rather than being in Element 18).~~

~~It is proposed to have a longstop date to place a time limit between Gate 1 offer acceptance (acceptance in respect of CMP435 being the date upon which an existing connection contract becomes a Gate 1 contract, as further described in Element 19<sup>6</sup>) 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~~

<sup>5</sup> Ownership/lease/option as per Element 13 below.

<sup>6</sup> As any existing contracted project that fails to evidence meeting the Gate 2 criteria by 31 January 2025 (at the time of this consultation) will be deemed to have a Gate 1 offer acceptance.

~~demonstrate sufficient progression. Whilst the specifics of when such discretion might be used is not proposed to be codified, examples of use could include where a project is within the Gate 2 application process (but is yet to receive the Gate 2 offer to accept), or where land rights have been obtained but not in sufficient volume to meet the land density table requirements to apply into a Gate 2 process. It should be noted that a 3-year time period from Gate 1 offer acceptance to Gate 2 offer acceptance will in practice mean a period of ~2 years for a developer in Gate 1 to demonstrate compliance with the Gate 2 Criteria.~~

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

~~In respect of the application of the longstop date for Relevant Embedded Medium and Small Power Stations (i.e., those not requiring or requesting a BEGA or BELLA) there will be an obligation on the DNOs and Transmission-connected iDNOs in the CUSC to introduce a new right for them to terminate in their 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 DNOs or Transmission-connected iDNOs connection contract with the ESO.~~

~~The DNOs and Transmission-connected iDNOs should monitor and apply the longstop date separately for their customers and as such the ESO do not require sight of the DNO or Transmission-connected iDNO customer agreements. The ESO will likely have to provide guidance to the DNOs and Transmission-connected iDNOs on how the DNOs and Transmission-connected iDNOs should apply discretion to extend the longstop date.~~

~~For the avoidance of doubt, where a Gate 1 offer is linked to a BEGA/BELLA for Embedded Small, Embedded Medium and Embedded Large generators, the ESO Gate 1 offer will include a longstop date.~~

## Element 9. Project Designation

The following element is the same as [CMP434](#), except it has been amended to refer to Gate 2 to Whole Queue Process as being when may be used rather than Gate 1 and/or Gate 2 and/or Capacity Reallocation Processes.

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.

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 to Whole Queue process. However, it is expected that the queue position of designated projects would be prioritised (by the ESO/TOs) within the Gate 2 to Whole Queue 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).

Rather than being incorporated under Project Designation (as previously proposed)<sup>7</sup>, 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 part of~~ in a separate 'Connection Point and Capacity Reservation' process via a proposed amendment to the STC/STCP (as further described in Element 10 below).

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

The following element is the same as [CMP434](#), except it has been amended to refer to Gate 2 to Whole Queue Process as being when may be used rather than Gate 1 and/or Gate 2 Processes.

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<sup>7</sup> 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.



It is proposed to extend the existing STCP<sup>8</sup> 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 to Whole Queue 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-ordination i.e., to protect the integrity of any ESO co-ordinated offshore network design<sup>9</sup>, such as in relation to the Holistic Network Design Follow-up Exercise.

Whilst it is the ESOs 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 being developed under CMP434, 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 to Whole Queue 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

<sup>8</sup> This is a procedure set out in accordance with the SO/TO Code (STC).

<sup>9</sup> 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 was not available.



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 and are seeking advancement through the Gate 2 to Whole Queue process.

- To protect (through the Gate 2 to Whole Queue 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 even where they have not met the Gate 2 criteria as part of CMP435, 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 example, the ESO co-ordinated network design processes may have indicated 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. Those connection/interface points and the associated capacity will then be reserved by the ESO<sup>10</sup>. 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 and are seeking advancement through the Gate 2 to Whole Queue process.

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However, please note that the Proposer will also consider use of the Connection Point and Capacity Reservation process for other applications within the Gate 2 to Whole Queue Process where such reservation would protect the integrity of any broader overall co-ordinated network design.

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

- **Incorporate necessary amendments of M1 and M3 Queue Management Milestones<sup>11</sup>**

The following element is the same as [CMP434](#) except that any Option agreement for existing connection agreements in scope for CMP435 only needs to meet the [CMP434](#) minimum option length requirements from the Authority's Decision Date and projects that have met Queue Management Milestone M1 ~~(including Distribution Queue Management Milestone M1)~~ and/or progressed beyond M1 will also not need to meet the [CMP434](#) minimum option length requirements.

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

<sup>10</sup> Please note that for any Interconnector or OHA projects (or any other projects) which do not have a confirmed connection point or connection date within their existing connection contract, the CNDM and Gate 2 to Whole Queue network design process will need identify and offer a confirmed connection point and connection date i.e., such projects meeting the Gate 2 criteria by 31 January 2025 ~~(as anticipated at the time of this consultation)~~ would not have the option to retain their existing connection point and connection date, as they would not yet have been identified/confirmed.

<sup>11</sup> <https://www.nationalgrideso.com/document/294156/download> - see CUSC Section 16.3, which provides detail on the Queue Management Milestones.

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 will be led by the ENA and sits outside of this 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)<sup>12</sup>.
- 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 any Letter of Authority previously submitted since the implementation of [CMP427](#).
- It is proposed that any Option agreement for existing connection agreements in scope for CMP435 only needs to meet the [CMP434](#) minimum option length requirements from the Authority's Decision Date for this CMP435 modification, so any Option agreements (for existing connection agreements) already signed before this date will not need a minimum option length. Additionally, projects that have met Queue Management Milestone M1 ~~(including Distribution Queue Management milestone M1)~~ and/or progressed beyond M1 (i.e. to M2, M4, M5, M6, M7 or M8) will also not need to meet the [CMP434](#) minimum option length requirements. However, the Option agreement itself will still need to be provided even if the project has met Queue Management Milestone M1 and/or progressed beyond M1 (i.e. to M2, M4, M5, M6, M7 or M8).

<sup>12</sup> 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.

- 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 Methodology<sup>13</sup>) except where this minimum period is not applicable, as set out in the bullet above.
- 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 CMP435 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:

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

## 11.2 Gate 2 – Ongoing Compliance

<sup>13</sup> 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).

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:
  - i. the Queue Management Milestone M1 ("M1") calculated back from the connection date (as per current [CMP376](#) arrangements); or
  - ii. M1 calculated forwards (based on a standard time period for each planning type) to move from acceptance of the Gate 2 offer to M1.

The Proposer proposes that the above change to the requirements for [Transmission](#) Queue Management Milestone M1 will be codified in CUSC.

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

~~As at the time of this consultation, the Proposer is currently considering whether more Queue Management Milestones<sup>14</sup> should become forward calculated to incentivise developers to deliver, 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 take into account 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. [Associated changes to align Queue Management for Distribution will be led by the ENA and sits outside of this modification.](#)

### 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 developer, to the red line boundary post achievement of Gate 2 will have to meet criteria which would be specified ~~in the code (to an appropriate extent), by the ESO in the proposed Gate 2 Criteria Methodology.~~

The Proposer's current proposal for red line boundary compliance (which is planned to be housed in the ~~code (to an appropriate extent), accompanying proposed Gate 2 Criteria Methodology~~) is that at each Queue Management Milestone the developer has sufficient acreage (calculated using the Energy Density Table as defined under [CMP427](#) and contained in [the ESO guidance document on Letter of Authority](#), as updated to include

<sup>14</sup> 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.

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%<sup>15</sup> 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.
- The allowance for 50% on top of what is within the original red line boundary, means that 350MW (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.
- ~~The allowance for 50% on top of what is within the original red line boundary, means that 350MW\* (i.e., 50% of the 700MW within the original red line boundary) will be allowed outside the original red line boundary.~~

<sup>15</sup> Broadly consistent with the methodology currently applied by NGED (NGED allows a 50% increase in project's Red Line Boundary).

- ~~\*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.<sup>46</sup>~~
- ~~No TEC reduction.~~

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

<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>

<sup>46</sup> ~~The examples above use TEC to illustrate how TEC would impacted. However, this does not preclude a developer building up to their installed capacity (so long as the other aspects of these requirements are complied with), and all the final example is trying to illustrate is that if any TEC beyond your contracted TEC (1000MW) needs to be applied for via a new application.~~

<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>

<b>Planning-Type</b>	<b>Proposal, assuming some land and planning work are done in parallel</b>	<b>Typical timescales based on views of some Workgroup Members</b>
<b>Town and Country Planning (Scotland/England/Wales)</b>	4-Year	1.5-Years
<b>Section 36 (England/Scotland)</b>	4-Year	1.5-Years
<b>Development of National Significance (Wales)</b>	1.5-Years	2-Years
<b>NSIP/DCO (England)</b>	2-Years	3-Years

**Note:**

- ~~No definitive timescale provided for Offshore at this stage within the proposal (industry feedback is welcomed in respect to this); and~~
- ~~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**

This element is not part of the CMP435 Proposal and is only part of the CMP434 Proposal.



In the context of CMP435, developers (including via the relevant DNO or Transmission-connected iDNO in the case of Relevant Embedded Small and Medium generators) will only be able to confirm they have met the Gate 2 criteria as part of the Gate 2 to Whole Queue process further described in Element 19 and Element 20. Developers who do not meet the criteria for Gate 2 criteria under the process described in CMP435 will become Gate 1 projects and will be able to submit a Gate 2 Application, once they have met the Gate 2 criteria, at a later date in accordance with the process described in [CMP434](#).

### Element 13. Gate 2 Criteria Evidence Assessment

The following element is the same as [CMP434](#) except that within the self-declaration letter, ~~developers can also identify if they wish to advance the current contracted connection date and if so to which connection date, if possible there is some additional data to be captured including e.g. developers can identify if they wish to advance the current contracted date and if so to which connection date, if possible.~~

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 Embedded Small and Medium 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).
- ~~Whether~~ Do you wish to advance current contracted connection date and if so to which connection date?
  - ~~In the event that this requested year~~ date cannot be achieved, whether would you would consider further advancement under temporary restrictions on availability (i.e. a non-firm connection)
- ~~Whether~~ Do you wish to reduce current contracted Transmission Entry Capacity and if so to what number?
- ~~Whether~~ Do you wish to amend your connection point location and if so where is your preferred location? (Note: that it may not be possible to provide you with your preferred location.)
- The red line boundary (including site address/co-ordinates) for the project site upon which the project will be located and confirmed to meet or exceed the minimum land density requirements (as per the ESO's Energy Land Density Table introduced by [CMP427](#)).
- The land status information: i.e., whether all or some of land is already owned or leased (for the operational life of the project), or whether an option agreement is in place in respect for a lease or purchase of the land.

- If not already owned/leased, the parameters of length of option agreement in respect of lease or purchase.
- (If applicable) the parameters of the length of the lease (and that this or any extension will cover the operational life of the project).
- ~~A statement that to the Director's best knowledge, no-one else has any rights over the land (for the purposes of energy<sup>47</sup>) 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 unless in respect of Relevant Embedded Small and Medium Generation, in which case will be sent to the DNO or Transmission-connected iDNO))~~ 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.
- Please indicate if you have (for the project) previously provided evidence of meeting Queue Management Milestones and if so when?

Commented [PM(6): Need to add to 434 as well

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. It is the intention that the ESO Portal will be used to upload Gate 2 evidence. In respect of Relevant Embedded Small and Medium Generation the initial Gate 2 evidence will be supplied by the developer to the DNO or transmission connected iDNO (process tbc).

Within the self-declaration letter, developers can also identify if they wish to advance the current contracted connection date and if so to which connection date, if possible. However, other changes to the contract/project are not permissible through the Gate 2 to Whole Queue process and must be separately undertaken e.g., by the developer through the Modification Application process (and noting that after the go-live date for [CMP434](#) such change requests could be considered to be Significant Modification Applications).

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 or DNO/Transmission-connected iDNO 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 or DNO/Transmission-connected iDNO if clarification is required regarding an organisational structure to assist the ESO or DNO/Transmission-connected iDNO in performing this verification.

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

<sup>47</sup> 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).

~~However, there will also be sample checks (the minimum percentage size of the sample to be defined by ESO/DNO/Transmission connected iDNO). The ESO will further reserve the right to check 100% of the evidence of secured land rights in respect of including duplication checks (such as the extent to which the red line boundary for new applications for projects, that meet Gate 2, should not overlap with the red line boundary for any other site(s) with any other project(s) that are already within the Gate 2 project pool or projects applying in the same Gate 2 window.~~

~~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

~~Gate 2 Offer and Project Site Location Change arrangements are no longer proposed.~~

~~The following element is the same as CMP434 except it is only applicable (for CMP435 purposes i.e., as the majority of projects in scope for CMP435 have a confirmed connection point to retain if they have met the Gate 2 criteria):~~

~~For developers (if any) who hold only a Step One agreement issued under the temporary two-step connection offer process that was in place from 1 March 2023 to 27 November 2023 in England and Wales or who otherwise hold a Construction Agreement where the location of the Connection Site is unknown or expressly indicative; or~~

~~In the event that Transitional Arrangements<sup>18</sup> are put in place (separate to the scope of this modification) where developers are, for a period of time prior to go-live, provided with offers with an indicative connection point and connection date.~~

~~Noting the above, the connection point requested by such developers (i.e. those without a confirmed connection point by the deadline for evidencing that the Gate 2 criteria have been met as per Element 13, anticipated at the time of this consultation to be 31 January 2025) in the Gate 2 to Whole Queue 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.~~

<sup>18</sup> The ESO advised the Workgroup in mid-July that it was seeking Authority approval for a Transitional Arrangement for new application to apply from the 07 August 2024 to the CMP434/CMP435 go-live date which, at the time of this consultation, is anticipated to be 01 January 2025.

~~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 to Whole Queue process.~~

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

~~If the developer achieved the Gate 2 criteria at the new project site location and then clock started a standard Modification Application within the allowed 12-month period the developer could then retain their queue position, connection point and connection date (which in some cases may need to be adjusted backwards to account for the time interval) and if not then the project would revert to a Gate 1 position and lose their queue position. Ongoing Gate 2 requirements including compliance with the forward-facing milestone(s) ~would apply in respect of the connection date within the 'new' Gate 2 offer.~~

~~As triggering this option could result in adverse consequences<sup>19</sup>, 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).~~

#### **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)**

This element is not part of the CMP435 Proposal and is only part of the [CMP434 Proposal](#).

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

<sup>19</sup> 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.

The following element is the same as [CMP434](#) except it has been amended to refer to the Gate 2 to Whole Queue process.

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 the Gate 2 to Whole Queue process in the future, including capacity allocation/reallocation due to projects with existing connection contracts not meeting the Gate 2 Criteria by the deadline.

As with [CMP434](#), 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.

**Element 17. Introducing the concept of a Distribution Forecasted Transmission Capacity (DFTC) submission process for Distribution Network Operators (DNOs) and Transmission-connected Independent Distribution Network Operators (iDNOs) to forecast capacity on an anticipatory basis for Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations<sup>20</sup> aligned to the Gate 1 Application Window**

This element is not part of the CMP435 Proposal and is ~~no longer~~ only part of the [CMP434](#) Proposal.

**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**

This element is not part of the CMP435 Proposal and is only part of the [CMP434](#) Proposal.

Please note that aspects of these CMP435 proposals related to Relevant Embedded Small Power Stations and Relevant Embedded Medium Power Stations which do (and do not) meet the Gate 2 criteria are set out across the relevant Elements within this consultation.

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<sup>20</sup> 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)).

## Element 19. Contractual changes

This element is only part of the CMP435 Proposal and is not part of the [CMP434](#) Proposal.

The Gate 2 to Whole Queue process will lead to all existing contracted projects (for completeness please refer to the table in Element 3) having their connection agreements with the ESO converted to either a Gate 1 or a Gate 2 agreement. For Relevant Small and Medium Embedded Generators, this will be via their DNO or Transmission-connected iDNO agreements. How this is to be done will be different for different customer groups.

There will be (as a result of this CMP435 modification) a natural 'allocation' of all existing contracted projects having their connection agreements with the ESO into one of four groups as follows.

The first group are those projects (including those with a BEGA or BELLA with the ESO) with an existing signed connection agreement, that have not met the Gate 2 criteria by the deadline, which is currently anticipated ~~at the time of this consultation~~, to be 31 January 2025. These projects will be notified by the ESO that they have not met Gate 2, and as such it is proposed that changes to their existing connection agreement (apart from DNO/iDNO agreements in respect of Relevant Small and Medium Embedded Generation) will be made via ~~the implementation of the code modification itself; i.e., through legal text introduced into the CUSC to amend such agreements rather than, for example, the~~ 'Agreement to Vary' process. This will mean that projects in this group will end up with a Gate 1 form of agreement (with an indicative connection point and connection date except in the case of interconnectors and OHA who will retain the connection point and date as per their current agreement using the process set out in Element 10<sup>21</sup>), ~~including the generic longstop date (Element 8 starting from the ESO notification)~~, and all of their existing contractual rights (such as their current confirmed connection point and connection date) and obligations under the agreement will fall away including the requirement to submit securities. DNO or Transmission-connected iDNO agreements with the ESO which are associated with developers, and where those developers do not meet Gate 2, will also be changed.

Commented [MO(7)]: To Update.

The second group are those that have an existing connection agreement (including those with a BEGA or BELLA with the ESO) that meet the Gate 2 criteria, by the deadline (which is currently anticipated ~~at the time of this consultation~~, to be 31 January 2025), but do not want any connection date advancement for their project. They will submit the Self-Declaration Letter to the relevant party showing that the project has met the Gate 2 criteria (as per Element 13). The project's current connection agreement will continue as is (including the confirmed connection point and connection date) until the ESO updates it to add in ongoing Gate 2 compliance requirements related to their existing contracted connection date, such as the forward-facing Queue Management milestone(s), via an Agreement to Vary. If they do not sign their Gate 2 offer, they will then revert back to their Gate 1 offer and will remain there until they sign a Gate 2 offer, ~~or longstop conditions are applied as per Element 8~~. For those projects with a BEGA or BELLA they will need to continue to comply with Distribution Queue Management Milestones. For DNOs and

Commented [MO(8)]: To Update.

<sup>21</sup> With the exception of interconnectors and OHAs, where this will be reserved by the ESO subject to those projects meeting the Gate 2 criteria ~~in bilaterally agreed timescales by the longstop date~~, as set out in Elements 5, 8 and 10.

Transmission-connected iDNOs, they will receive an updated [ESO](#) agreement in respect of their contracted Embedded Generation [which met Gate 2 criteria](#), and the applicable generators will also continue to have to comply with Distribution Queue Management Milestones.

The third group is similar to the second group above, but these are for projects that are also requesting a connection date advancement (treated as a modification application) when they submit, to the relevant party, their Self-Declaration Letter (as per Element 13) by the deadline (which is currently anticipated, ~~at the time of this consultation~~, to be [31 January 2025](#)).

Commented [MO(9)]: To Update.

For projects in this third group, as with the second group above, their current connection agreement will continue as is until:

- (a) They sign an updated connection agreement, but the update will in this case be by Modification Offer (providing for advancement as well as the required Gate 2 updates as per the second group), or
- (b) The ESO updates it (where a Modification Offer is not issued because an advanced connection date is not possible or the Modification Offer is not accepted) to add in ongoing Gate 2 compliance requirements related to their existing contracted connection date, such as the forward-facing Queue Management milestone(s), via an Agreement to Vary in similar manner to the second group.

As with the second group, if they do not sign the Agreement to Vary, they will revert back to a Gate 1 offer and will remain there until they do sign a Gate 2 offer, ~~or longstop conditions are applied as per Element 8~~.

For those projects with a BEGA or BELLA they will need to continue to comply with Distribution Queue Management Milestones. For DNOs and Transmission-connected iDNOs [who have requested advancement](#), they will receive an updated [ESO](#) agreement in respect of Relevant Small and Medium Embedded Generation, who also continue to have to comply with Distribution Queue Management Milestones.

The fourth group are projects with a Transitional<sup>22</sup> offer/agreement, [as approved by Ofgem on the 21<sup>st</sup> August 2024 subject to relevant approval/derogation](#), that meet Gate 2 and will be treated by the ESO in a similar manner to the third group. However, this is without the ability to request advancement, as they would not have a fully studied agreement by the proposed self-declaration deadline (which is currently anticipated to be [31 January 2025](#) ~~as at the time of Workgroup Consultation~~). There will be a requirement to submit a Modification Application (and a subsequent fee) as this will be the first time that the project will have been fully studied and a full suite of Appendices provided. Therefore, if and when those projects meet the Gate 2 criteria and submit their Self-Declaration Letter by the deadline (which is currently anticipated, ~~at the time of this consultation~~, to be [31 January 2025](#)) they will be provided with a Modification Offer providing a connection point and connection date, following the Gate 2 to Whole Queue network design exercise under

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Commented [MO(12)]: To Update.

<sup>22</sup> The ESO advised the Workgroup in mid-July that was seeking Authority approval for a Transitional Arrangement for new applications to apply [\(most recently\)](#) from the [07<sup>2</sup> September August 2024](#) to the CMP434/CMP435 go-live date which, ~~at the time of this consultation~~, is anticipated to be 01 January 2025.



the proposed CNDM. The Transitional Agreement would continue as is until that point in time.

As a result of the process being proposed ~~in this consultation~~, a specific opportunity for advancement is provided to projects in the second group, and a specific process is provided to offer a connection date and connection point to projects in the fourth group. Any requests to advance connection dates, at a later date (i.e., after 31 January 2025 ~~at the time of this consultation~~) outside of the process proposed in this consultation, will only be available to such parties through separate processes e.g., through the Modification Application process and proposed CNDM (including capacity reallocation).

Commented [MO(13)]: To Update.

For further clarity please see the chart in Annex 4, showing the proposed indicative timeline to be followed (after the proposed decision date) to carry out the processes outlined above.

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## Element 20. Cut Over Arrangements

This element is only part of the CMP435 Proposal and is not part of the [CMP434 Proposal](#).

In order for the ESO and TO's to migrate into the new process (introduced by CMP435) a cutover period is required as it would not be possible to have the current process and the proposed new process running in parallel over the go-live period and cutover arrangements are therefore proposed to mitigate the potential risks/issues.

The intention is that a cut over period will be introduced to ensure that all projects are in a clear contracted position before the start of the Gate 2 to Whole Queue process/network design activities (and/or the revised primary process under [CMP434](#)). The cut over period will start 10 Business Days after the Authority's decision to approve [CMP434](#), CMP435, [CM095](#) and [CM096](#). The cut over process will apply to all inflight Offers including Transitional, Modification Applications and Project Progressions. The ESO has ~~previously~~ sent the Authority a phase one transitional letter (which is not in the scope of this ~~Workgroup Consultation Code Modification~~) requesting ~~a derogation relief to from process and study providing full offers for any new directly connected transmission applications, for new projects that apply for a Transmission connection.~~ The requested ~~start implementation~~ date for this ~~derogation relief~~ ~~was~~ the ~~072 September August~~ 2024 ~~for and it will apply to any offers received by the ESO from the implementation date onwards. that clock start, which is the day after this consultation closes. As mentioned in Element 19 above, this request was approved by OFGEM on 21<sup>st</sup> August 2024.~~

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There will be a second letter (phase two) that will cover the cut over period sent to the Authority explaining the areas of the Code and Licence that the ESO and TOs need ~~a derogation relief~~ from in respect of those transitional arrangements. Modification Applications, Project Progression, BEGAs and BELLA's will form part of this second ~~derogation~~ request.

During the cut over period customers will be able to submit applications to the ESO or DNO but they will not be processed until the start of the new process under [CMP434](#). This is to allow all live offers to be sent out and signed before the start of the batched assessment process(es) so that the ESO and the TO's know which projects make up the contracted background. Agreements will be sent out which is currently anticipated, ~~at the time of this consultation~~ to continue until the 31 December 2024 with all offers needing to be in a signed

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position by the 31 January 2025 ~~(dates used at the time of this consultation)~~. These timescales are aligned with those set out in Element 19 in respect of the deadline ~~(at the time of this consultation)~~ associated with the self-declaration of the Gate 2 criteria for those in-scope projects with existing connection agreements (as per Element 3).

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## When will this change take place?

### Implementation into the CUSC date

1 January 2025

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### Date decision required by

13 December 2024<sup>23</sup>

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### Implementation approach

If this Modification is approved by the Authority (proposed to be December 2024 ~~at the time of consultation~~, pending Authority approval) then the associated code changes would ~~(at the time of this consultation)~~ come into effect on 01 January 2025.

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From this date all existing connections agreements with the ESO, as required according to the CUSC for in-scope projects (these are summarised in the table at the start of Element 3 shown within the Proposers solution), will be amended after the anticipated go-live date of ~~(at the time of this consultation)~~ 01 January 2025.

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As a result of that change, any of the such contracted parties that have a contracted connection date and connection point (along with a transmission queue position) will need to submit, to the ESO (or DNO or Transmission-connected iDNO, as appropriate), by 31 January 2025 ~~(at the time of this consultation)~~ a Gate 2 Self-Declaration Letter (evidencing that the project concerned has met the Gate 2 criteria) if they wish to maintain their existing connection date and connection point (along with, if relevant, their transmission queue position).

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If a Gate 2 Self-Declaration Letter was not submitted by that date then the existing connection date and connection point (along with, if relevant, transmission queue position) would be ~~deemed to have~~ changed to 'indicative' (from 'confirmed') via an Agreement to Vary and would only be confirmed when a Gate 2 Self-Declaration Letter (evidencing that the project concerned has met the Gate 2 criteria) was submitted to the ESO (or DNO or Transmission-connected iDNO, as appropriate) in the future, i.e., via the Gate 2 Process proposed under [CMP434](#).

Note, in this scenario it is highly unlikely that the connection date and or connection point (along with, if relevant, the transmission queue position) would be maintained - any such parties should be cognisant of this risk to their project(s).

Where such projects have submitted a Gate 2 Self-Declaration Letter to confirm they have met the Gate 2 criteria by the required date (as above) then their existing connection

<sup>23</sup> This represents the current proposed timeline for this modification (as of 25 July 2024), which is pending Authority approval.

contract will be updated after the Gate 2 to Whole Queue network design exercise as set out within Element 19 above.

The above is on the basis that the go live date is 01 January 2025 and this assumes that relevant changes to the ESO's Transmission Licence and the three new methodologies<sup>24</sup> (mentioned in this CMP435 proposal – see Element 1) have been approved, by the Authority, within timescales which allow go-live to occur from the 01 January 2025 date.

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Although there has been wide consultation and engagement on Connections Reform, it is imperative that there is a cut over period to enable stakeholders to fully understand how the new reformed process will apply to them. As such, supporting guidance will be used once a decision has been made to get stakeholders up to speed with the new process prior to go-live.

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<sup>24</sup> As listed in Element 1, on page 8-9.