**Drafting for CUSC CMP434 (Implementing Connections Reform)**

**General Approach**

The general approach is to leave the various offer and application sections where they are ie in CUSC sec 2 (connection) and 3 (Use of System) and 9 (interconnectors) but edit the application and offer process to reference the new section 17 (Gated Application and Offer Process).

That process then applies where the application is a Gated Application (Section 17 sets out what these are) and in this context a Gated Applicant. Section 17 contains the process elements of the gated process, when applications can be made and when offers will be made. It is assumed (though subject to confirmation and not yet established what will be in licence) that the current offer and acceptance periods remain as today.

This is an initial draft for comment and subject to change.

Changes are shown in red text and strikeout.

The changes have been identified against the current baseline CUSC the current baseline is subject to modifications to implement the Independent System Operator and Planner (ISOP) dependent on the decision to establish the ISP and the date set for this.

**Changes to CUSC**

1. Section 17 (Gated Application and Offer Process) will be added as a new section to CUSC and the CUSC Contents Page updated.
2. On this approach changes will be made as follows to the attached CUSC sections.

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| **Section 1 (Applicability of Sections and Related Agreements Structure)** | Edited as attached: |
|  | New para 1.2.10 referring to sec 17 |
|  | Edits to para 1.7 - BELLA Application and Offer Process - to acknowledge gated process |
| **Section 2 (Connection)** | Edited as attached: |
|  | Para 2.13 - Connection Application and Offer Process – to acknowledge gated process |
|  | Para 2.13 to include addition of Letter of Acknowledgment |
| **Section 3 (Use of System)** | Edited as attached: |
|  | Para 3.7 -Use of System Application – to acknowledge gated process |
| **Section 6 (General Provisions)** | Edited as attached:  Changes to 6.5.5 (the current SoW process) and 6.5.8 (transmission Impact Assessment) and the references to the associated offers (which are treated as modification offers) in 6.5.5 and 6.9 (Modifications)  Clarity [TBC whether] the TEC and embedded register will include gate 1 offers even when not reserved] |
| **Section 9 (Interconnector)** | Edited as attached: |
|  | Para 9.17 - New Connection Sites- to acknowledge gated process |
|  | New para 9.17.2A – introducing letter of acknowledgment |
| **Section 15 (User Commitment Methodology)** | Edit to paragraph 1 at Section 15, Part One (introduction) as follows:  **1** Where (a) a **Construction Agreement** and/or a **Bilateral Connection Agreement** or **Bilateral Embedded Generation** **Agreement** between a **User** in respect of the categories specified below and **The Company** is terminated or (b) there is a reduction in **Transmission Entry Capacity** by or in respect of such **User** or (c) there is a reduction in **Developer Capacity** in a **Construction Agreement** prior to the **Charging Date**, or (d) there is a reduction in **Interconnector User Commitment Capacity** by or in respect of such **User,** such **User** shall pay to **The Company** the **Cancellation Charge** calculated and applied in accordance with Part Two of this Section 15. The provisions in this Section 15 shall not be applied in **Gate 1 Agreements**. |
| **Section 16 (Queue Management Process)** | Edited as attached: |
|  | Edit at Para 16.1 - clarifies only applies at gate 2 |
|  | Edit at Para 16.3 table – MS3 edits re exclusivity and requirements re Original Redline Boundary |
|  | Edit at para 16.3 under table – adding ref to the change in MS1 |
|  | Change to conditional Progression Milestones table – adding the duration for M1 [any further the impact on the table is TBC] |
|  | Addition of table of standard planning times |
|  | 16.4.9.3 - New para re ongoing compliance requirements for Original Redline Boundary |
|  | 16.5 – additional exceptional issue re forward looking M1 and ongoing Original Redline Boundary |

1. The following definitions will be added at **CUSC** Section 11

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| **“Connection Network Design Methodology”** | the methodology [developed or to be developed in accordance with [ ] of the **ESO Licence** and **Transmission Licences**] and approved by the **Authority** as such methodology may be revised from time; |
| **“CMP 434 “Go Live” Date”** | TBC |
| **“Declaration”** | the declaration provided with a **Gate 2 Application** as required in accordance with the **Gate 2 Criteria Methodology**; |
| **“[Designation] Methodology”** | the methodology [developed or to be developed by **The Company** in accordance with [ ] of the **ESO Licence]** and approved by the **Authority** as such methodology may be revised from time; |
| **“[Distributed EG Related Application]”** | a **Connection Application** or **Modification Application** made by the owner/operator of a **Distribution System** in relation to **Embedded Power Stations**. |
| **“Energy Density Tables”** | the tables of this name set out in the section of the **LoA Guidance** dealing with **Connection Applications** for a **New Connection Site** **Onshore** [as such tables may be updated by **The Company** from time to time but where any changes will not be made without prior engagement with industry]; |
| **“First Gated Application Window and Offer Run”** | the first run of the **Gated Application Window** **and Offer Process** following the **CMP 434 “Go Live” Date** being [specific timings]; |
| **“Gate 1 Application”** | an application for a **Gate 1 Offer**; |
| **“Gate 2 Application”** | an application for a **Gate 2 Offer**; |
| **“Gate 1 Agreements”** | the agreements entered into between the **Gated Applicant** and **The Company** on acceptance of a **Gate1 Offer**; |
| **“Gate 2 Agreements”** | the agreements entered into between the **Gated Applicant** and **The Company** on acceptance of a **Gate 2 Offer**; |
| **“Gate 1 Conditional Clause”** | the clause included in a **Gate 1 Offer** making the **Gate 1 Agreements** conditional until a **Gate 2 Offer** is accepted; |
| **“Gate 2 Criteria”** | the criteria which a **Gate 2 Application** has to meet as set out in the **Gate 2 Criteria Methodology**; |
| **“Gate 2 Criteria Methodology”** | the methodology [developed or to be developed by **The Company** in accordance with [ ] of the **ESO Licence** and approved by the **Authority** as such methodology may be revised from time; |
| **“Gate 1 Offer”** | the offer made by **The Company** to a **Gated Applicant** in response to a **Gate 1 Application**; |
| **“Gate 2 Offer”** | the offer made by **The Company** to a **Gated Applicant** in response to a **Gate 2 Application**; |
| **“Gated Agreements”** | the **Gate 1 Agreements** or **Gate 2 Agreements** as appropriate; |
| **“Gated Applicant”** | an applicant for a **Gated Application**; |
| **“Gated Application”** | an application of a type referred to as such in Section 17; |
| **“Gated Application and Offer Process”** | the process as set out in Section 17; |
| **“Gated Application Window and Offer Run”** | the **First Gated Application Window and Offer Run** and each subsequent run of the **Gated Application Window and Offer Process** opened by **The Company**; |
| **“Gated Application Window”** | as generally defined in the **Gated Application and Offer Process** with the specific timing for such specified in the relevant **Gated Application Window and Offer Run**; |
| **“Gated Design Process”** | as generally defined in the **Gated Application and Offer Process** with the specific timing for such specified in the relevant **Gated Application Window and Offer Run**; |
| **“Gated Modification”** | a **Modification** specified as such in the [**Gated Modification Guidance**]; |
| **“Gated Modification Application”** | a **Modification Application** for a **Gated Modification**; |
| [“**Gated Modification Guidance**”] | the guidance (as it may be amended from time to time) published by **The Company** on the type of **Modifications** that will be **Gated** **Modification Applications**; |
| **“Gated Modification Offer”** | a **Modification Offer** made by **The Company** in response to a **Gated Modification Application**; |
| [**“Installed Capacity”**] | [relevant in context of **Original Red Line Boundary** and to be considered whether new def is needed/what it should be]; |
| **“Letter of Acknowledgement”** | the letter to be provided with the **Connection Application** for a **New Connection Site Offshore or New Connection Site** for an **Offshore** **Project**] and obtained from either The Crown Estate or Crown Estate Scotland; |
| **[“LoA Guidance”]** | the guidance (as it may be amended from time to time) published by **The Company** on the requirements for the **Letter of Authority** and **Letter of Acknowledgment;** |
| [**“Maximum Installed Capacity”**] | [relevant in context of O**riginal Red Line Boundary** and to be considered whether new def is needed/what it should be]; |
| **“Offshore Project”** | an [**Multi-Purpose Interconnector**], [including projects which connect **Onshore** but the assets connecting are in part in another jurisdiction and which are not **Interconnector**]; |
| **[“Original Red Line Boundary”]** | the red line boundary provided with a **Gate 2 Application** as required in accordance with the **Gate 2 Criteria Methodology**; |
| **“Queue Management Guidance”** | the guidance (as it may be amended from time to time) published by **The Company** on the **Queue Management Process**; |
| **“Reservation”** | where for the purposes of a **Gate 1 Offer** for a **New Connection Site** a connection point to and/or capacity on the **National Electricity Transmission System** and/ora completion date for that **New Connection Site** is reserved. |

1. These definitions at **new** Section 11 shall be amended as follows

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| Placeholder |  |

1. These **CUSC** Exhibits will be amended as follows:

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| **Exhibit B (Connection Application)** | Edited as attached:  Nb to consider whether for Gate 1 still have the same application form/same level of detail is required? |
|  | to acknowledge gated process and confirmation whether application is a Gate 1 or Gate 2 application |
| **Exhibit D (Use of System Application)** | Edited as attached:  Nb to consider whether for Gate 1 still have the same application form/same level of detail is required? |
|  | to acknowledge gated process and confirmation whether application is a Gate 1 or Gate 2 application |
| **Exhibit I (Modification Application)** | Edited as attached: |
|  | to acknowledge concept of Gated Modification |
| **Exhibit Q (BELLA Application)** | Edited as attached:  Nb to consider whether for Gate 1 still have the same application form/same level of detail is required? |
|  | to acknowledge gated process and confirmation whether application is a Gate 1 or Gate 2 application |
| **Exhibit C (Connection Offer)** | Edited as attached: |
|  | Confirming if a Gated Offer, whether Gate 1 Offer, with or without Reservation, or Gate 2 Offer |
| **Exhibit E (Use of System Offer),** | Edited as attached: |
|  | Confirming if a Gated Offer, whether Gate 1 Offer or Gate 2 Offer |
| **Exhibit J (Modification Offer)** | Edited as attached: |
|  | Confirming whether a Gated Modification Offer |
| **Exhibit R (BELLA Offer)** | Edited as attached: |
|  | Confirming whether Gate 1 or Gate 2 |
| **Exhibit U (Statement of Works Request)** [edited to be an application for Confirmation of Project Progression] | Edited as attached to reflect the changes at CUSC para .6.5.5 that the SoW process is no longer being used:  Nb to consider whether this is now a mod app/what additional stuff if any from the current Confirmation of Project Progression at exhibit V needs including in exhibit U |
|  | Renamed as confirmation of project progression and edited to reflect change to request as confirmation of project progression rather than specific (and pre step) of request for statement of works |
|  | Edits to CUSC Contents Page |
| **Exhibit V (Statement of Works)** [edited to be Statement that there no works/Site Specific Requirements] | Edited as attached to reflect the changes at CUSC para 6.5.5 that the SoW process is no longer being used:  Nb to consider fully the interactions with the CUSC 6.5.5 process |
|  | Renamed as “Statement regarding Transmission works/Site Specific Requirements” |
|  | Edits to CUSC Contents Page |

1. These Exhibits at Schedule 2 to CUSC will be amended as follows.

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| Sch 2 Exhibit 1 (Bilateral Connection Agreement) | Edited as follows: |
|  | Add recital (H) at end of current recitals as follows:  [(H) This is a **Gate 1 Agreement *-*** *add only where this BCA is a* ***Gate 1 Agreement***] |
|  | Edit Clause 12.1 as follows  12. VARIATIONS  12.1.1 Subject to Clause 12.2, 12.3, 12.4 [and 12.5 Offshore only] [and 12.6 **Gated Agreements** only] below, no variation to this **Bilateral Connection Agreement** shall be effective unless made in writing and signed by or on behalf of both **The Company** and the **User**. |
|  | Add Clause 12.6 to Clause 12 as follows  12.5 **The Company** has the right to vary this **Bilateral Connection Agreement** as provided for in Clause [7.5] of the **Construction Agreement**. |
| Sch 2 Exhibit 2 (Bilateral Embedded Generation Agreement) and 5 (BELLA) | Edited as follows: |
|  | Add recital (E) at end of current recitals as follows:  [(E) This is a **Gate 1 Agreement *-*** *add only where this BEGA is a* ***Gate 1 Agreement***] |
| Sch 2 Exhibit 3 Part One (Construction Agreement) | To be edited as follows: |
|  | Add recital (H) to end of recitals as follows:  as follows where the construction agreement is a Gate 1 Agreement  [(H) This is a **Gate 1 Agreement *-*** *add only where this construction agreement is a* ***Gate 1 Agreement***] |
|  | Add the optional clauses attached at Clause 1.2 (Gate 1 Conditional Clause and Reservation) |
|  | After Clause 7.4 (Transmission Entry Capacity Reduction) and where it’s a Gated Agreement for a direct connection add the following as Clause 7.5 and renumber the existing Clause 4.5 as 7.6.  **[***add the following**where a* ***Gated Agreement*** *and a direct connection only and renumber Clause 7.5 as 4.6 and add reference in the renumbered clause 4.6 to clause 4.5*  **17.5 Original Red Line Boundary**  **17.5.1** If a **User** is not compliant with the **Original Red Line Boundary** (as it may be changed under the **Gate 2 Criteria**) for one or more technologies at a **User Progression Milestone**, **The Company** shall be entitled to amend the **Construction Agreement** and **Bilateral Connection Agreement** to:   * reduce the [**Maximum Installed Capacity]** (of each technology that is non-compliant). * remove that technology if the [**Installed Capacity]** of a technology is reduced to 0 MW. * reduce the **Transmission Entry Capacity** if the sum of the [**Installed Capacity]** of all technologies is reduced such that it is less than the **Transmission Entry Capacity** such that it is no higher than the sum of the [**Installed Capacity]** of all technologies.] |
|  | 7.6 Where there is a reduction in **Transmission Entry Capacity** under Clause 7.4 or Clause 7.5  prior to the **Charging Date**, on such reduction in **Transmission Entry Capacity** taking effect ~~the User~~ the **User** shall pay to **The Company** the  **Cancellation Charge** such payment to be made within 14 days of the date of **The Company’s** invoice in respect thereof.] |
|  | Assumed no need to update ref to M1 in Appendix Q |
| Schedule 2 Exhibit 3 Part Two | Same edits as Part 1 but adapted as no TEC |
| Schedule 2 Exhibit 3A | To be edited as follows: |
|  | Add recital (H) to end of recitals as follows:  as follows where the construction agreement is a Gate 1 Agreement  [(H) This is a **Gate 1 Agreement *-*** *add only where this construction agreement is a* ***Gate 1 Agreement***] |
|  | Add the optional clauses attached at Clause 1.2 (Gate 1 Conditional Clause and Reservation) |
|  | After Clause 7.3 (Transmission Entry Capacity Reduction) add the following as Clause 7.4 and renumber the existing Clause 7.4 as 7.5.  **17.5 Original Red Line Boundary**  **17.5.1** If a **User** is not compliant with the **Original Red Line Boundary** (as it may be changed under the **Gate 2 Criteria**) for one or more technologies at a **User Progression Milestone**, **The Company** shall be entitled to amend the **Construction Agreement** and **Bilateral Connection Agreement** to:   * reduce the [**Maximum Installed Capacity]** (of each technology that is non-compliant). * remove that technology if the **Installed Capacity** of a technology is reduced to 0 MW. * reduce the **Transmission Entry Capacity** if the sum of the [**Installed Capacity]** of all technologies is reduced such that it is less than the **Transmission Entry Capacity** such that it is no higher than the sum of the [**Installed Capacity]** of all technologies.] |
|  | Edit Clause 7.5 (previously Clause 7.4) as follows  7.5 Where there is a reduction in **Transmission Entry Capacity** under Clause 7.3 or Clause 7.4  prior to the **Charging Date**, on such reduction in **Transmission Entry Capacity** taking effect the **User** shall pay to **The Company** the  **Cancellation Charge** such payment to be made within 14 days of the date of **The Company’s** invoice in respect thereof. |
| Sch 2 Exhibit 5 (Bilateral Embedded Licence exemptable Large power station Agreement or BELLA) | Edited as follows: |
|  | Add recital (E) at end of current recitals as follows:  [(E) This is a **Gate 1 Agreement *-*** *add only where this BELLA is a* ***Gate 1 Agreement***] |
|  | Add the following definition at Clause 1 of the BELLA  **Gate 2 Date** means the date by which the **Gate 2 Agreements** are entered into both by the **User** and **The Company** and the owner/operator of the **Distribution System** and **The Company**. |
|  | Add the following Clause as 1.2 and renumber the previous clause as 1.1  [1.2 *include if a Gate 1 Agreement* – Gate 1 Conditional Clause  1.2.1The rights and obligations of the **User** and **The Company** under this **BELLA** are conditional on:  1.2.1.1 the **[Distribution EG Related Application]**;  1.2.1.2 the **Gate 2 Application** meeting the **Gate 2 Criteria**; and  1.2.1.3 the **User** accepting the terms of the [**Gate 2 Offer];** *[and*  1.2.1.4 the owner/operator of the **Distribution System** accepting the related **Gate 2 Offer**.]  1.2.2 The parties agree that until the [**Gate 2 Date]**, the provisions of this **BELLA** (other than this Clause 1.2**)** shall have no effect.  1.2.3 The parties further agree that the information provided for the purposes of this **Gate 1 Agreement** [and set out in the relevant Appendices to this **BELLA** being a proposed **Site of Connection** and **Completion Date** are indicative only prior to the [**Gate 2 Offer**] and shall not be binding on the parties or confer any commitment to these by **The Company** and any reliance on them for any purpose prior to the **Gate 2 Date** is at the **User’s** risk.  12.4 At any time prior to the **Gate 2 Date**, the **User** shall have the right to terminate this **BELLA** by written notice to **The Company** without any liability to **The Company**.  1.2.5 With effect from the [**Gate 2 Date**] the provisions of this **BELLA**, as amended by the [**Gate 2 Offer**]by agreement of the parties, shall be in full force and effect. |
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7 Any further consequences of the gated approach to consider?

Eg assumption (as party accepting a Gate 1 Offer) a party will have acceded to CUSC. In practical terms CUSC deals with the actual rights to connect/use on connection but they would) be a party for the purposes of Section 8