

Code Administrator Meeting Summary

Meeting name: Application of Gate 2 Criteria to existing contracted background (Workgroup 19)

Date: 18/09/2024

Contact Details

Chair: Catia Gomes, ESO Code Administrator

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

Key areas of discussion

The Workgroup raised questions following the [Ofgem open letter](#). The Workgroup asked for confirmation regarding the modification that intends to introduce a financial instrument, since the approach has changed to indicate that the modification *may* be raised compared to confirmation that it *would* be raised. ESO responded by saying that options are being considered at this time, saying that the current expectation is that a modification would be launched (i.e., go live) in line with the TMO4+ modifications but that did not guarantee that the modification would be completed in line with the TMO4+ modification timeline.

CMO435 Alternative Requests

Alternative Request 7

The Proposer of the Alternative outlined the premise of the Alternative Request, and slides on this are available in the [Workgroup 19 meeting slides](#).

Overall, the Workgroup wanted more clarification from the Proposer of this Alternative. This Alternative was debated extensively during the Workgroup meeting and there were specific concerns raised surrounding discriminatory treatment of different technologies, the financial elements of this proposal and specifics regarding the workings of this Alternative in practice.

One Workgroup member was concerned that the Alternative conflicts with itself, stating that the Alternative suggests the queue operating on a 'first come, first served' basis is broken but conflicts with this by proposing that 116 Gigawatts of offshore wind projects proceed on the basis of 'first come, first served'. The Proposer advised that such an issue would be applicable for any other mechanism for allocation (including Clean Power 2030), but agreed to consider it further.

The Workgroup raised concerns about how this Alternative plans to deal with potentially discriminatory treatment of different technologies. The Proposer said that they will take this away and consider it.

There were also concerns raised about the financial element outlined in the Alternative. The Workgroup wanted clarity whether this was being raised as part of the Alternative or whether a financial element would need to fit the Alternative if raised separately. The Proposer clarified that the Alternative could

Meeting summary

ESO

progress without the ESO financial instrument modification, and if necessary, a new, separate CUSC Charging modification could be raised.

A Workgroup member asked if the list of project types captured by the Alternative was intended to be an exhaustive list and limited to those specific elements that have been outlined. The Proposer said that at this moment in time, it is only the elements outlined in the Alternative Request.

One Workgroup member stated that most of the projects are already paying some securities and wanted to understand if the Proposer of the Alternative believed that adding another security or financial payment and removing the criteria for land, the redline boundary, or forward-looking milestones will help projects progress. The Proposer accepted this comment but stated that they disagreed, believing the Alternative was an appropriate solution given the changes expected from the CP2030 plans. They outlined that CMP376 milestones would still be obligations, but land or seabed would not be needed for Gate 2.

A Workgroup member asked for clarity on whether projects would get a named point of connection with this Alternative, and if Government support contracts, and whether this would fall away after the connection queue has been reordered. The Alternative Proposer stated projects with government support contracts should be equivalent to those being allocated by the Clean Power plan (CPP) because they have also been determined as qualifying for allocation by the Government, who will approve the CPP.

A Workgroup member asked, in the absence of the Strategic Spatial Energy Plan for another couple of years, whether the horizon of the Alternative Proposal was bound by [Clean Power 2030](#). The Alternative Proposer confirmed that this is the case. The Workgroup member also enquired how it was proposed funds would be given back (by whom and the mechanism). The Proposer referenced the compensation route established via CMP398 for a claims process, and would expect to model along those lines.

A Workgroup member wanted to confirm that the intent of the Alternative was to ensure that strategically important projects were allocated via the gated process, and not relying on CPP to do that alone (in case designation methodology did not come to fruition). The Proposer confirmed, saying that in a nuanced way it was a replacement for the NESO designation option.

When asked why land was being given precedence for securing Gate 2 status via this Alternative, the Alternative's Proposer explained that they did not feel it was a sufficient delineator for the queue.

One Workgroup member asked why an existing contracted party that is Offshore wind is able to retain their existing connection date under this proposal (regardless of readiness or need, even if they do have not seabed lease, Contract for Difference of planning), but the same would not be the case for Onshore wind. The Alternative's Proposer stated that this is because Offshore wind projects would have Government support contracts for the intent of increasing Offshore wind, however the Workgroup member felt this would be difficult for them to support without further caveats.

Alternative Request 8

A Workgroup member raised that it was more relevant to CMP434 and felt it was excessive to only get a queue position with respect to wider works at Final Investment Decision and have an additional security before submitting planning. The Proposer agrees this is a good point, and is willing to discuss it, but notes that the cost for security would be equal to the amount previously spent on planning permission.

Commented [CG(1)]: Needs clarity

A Workgroup member asked the Proposer to clarify whether this is still a non-charging modification with the inclusion of the new security. Proposer suggests this could be non-charging modification originally to be implemented as a voluntary option for fast-track entry (in the same manner the delay charge had

Meeting summary

ESO

been implemented originally) but eventually, this would need to be within the Code or introduced via a separate modification. It was acknowledged that this was a controversial approach.

A Workgroup member asked when wider TEC would be confirmed under this Alternative proposal. The Alternative's Proposer noted that it would be given as a package with CfD, but projects would then have milestones to work off for an energisation date based on local works (risking that a CfD may not be awarded). The Alternative's Proposer felt it would be too early to call what projects will be ready for Gate 2 so another method of allocating would be for a cohort of projects to go for a particular connection date, so projects would know who they were competing with (as with CfD), and would favour projects willing to take a risk, e.g., Offshore projects. This was a way over-booking capacity as a way of allocating scarce grid resource in the same way that there's allocation of scarce CfDs. A Workgroup member, coming from the perspective of Onshore projects, felt like the proposed changes would pose a larger risk and felt it made dates less firm.

A Workgroup member referenced that from a merchant perspective they didn't see the approach of the Alternative working, with a connection date being needed for financial investment decisions.

A Workgroup member referenced that while an additional barrier was a good concept, not all project types will find this specific approach suitable (e.g., short term projects such as battery projects). The Proposer stated they would be happy to continue this discussion offline with this Workgroup member.

The Proposer agreed to take points from the Workgroup away for consideration about next steps for the Alternative Request.

Alternative Request 9

Generally, the Workgroup supported this Alternative with the logic being followed for how it would work in practice. However, a handful of Workgroup members were concerned that this Alternative relies heavily on applicants behaving rationally to consider whether to withdraw from the queue – knowing that this is not always the case. The Proposer understood these concerns but feels that this is the minority of applicants and thus, should not be detrimental to the function of the Alternative.

A Workgroup member asked if this would be after Gate 2 has closed and offers have been given, if any applicants drop out will others be updated about the queue. The Proposer confirms this is the case – applicants will then be given the option to make a decision based on where projects are based in the queue.

Other Workgroup member asked if this would simply be an obligation on the ESO to make this information available to the market. Proposer confirmed this, stating applicants will be able to make better, more informed decisions the more information that is available to them.

AOB

A Workgroup member asked if an updated swim lane diagram would be available, and if not for the ESO to confirm to that to the Workgroup.

Actions

Action number	Workgroup	Owner	Action	Comment	Due by	Status
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Meeting summary

ESO

21	WG3	ESO Connections Team	When considering transitional arrangements, include guidance for staged projects	To be covered in more detail under Phase 2	WG6	Open
36	WG5	Angie	Statement from ESO as to the CAP150 powers and how they are applied /can be applied re: ongoing compliance (include link to CAP150 info on ESO website)	Agreed to await further legal text review on this before closing	Ongoing	Open
42	WG6	AC/FP	Check with legal as to the clock start dates for new applications considering the point of implementation after an Authority decision (is 15th of November date is legally acceptable as the Gate 1 process only comes to existence 10 Working days after Authority decision?)	Clarity on this should be provided by the legal text	Ongoing	Open
56	WG8	MO	Clarification with legal regarding guidance and introduction of any new obligations.	Clarity on this should be provided by the legal text	Ongoing	Open
57	WG8	MO	ESO set out the processes and timing for determining liability and security for April 2025 and October 2025.	This action has been changed by the TBC change to implementation and go-live timescales and so we will need to newly answer this once we have clarified the revised dates.	Ongoing	Open
59	WG8	MO	Provide WG with the list of documents outside the mod, the principles for guidance docs and timelines for the development of methodology documents.	Awaiting methodology content and timescales before the ESO can update on this	Ongoing	Open
60	WG8	RP	(Replacement for action 35) Provide relevant updates from SCG	Kyle Smith to provide verbal update on TM04+ Impact Group emerging thinking. No further updates as of 12/09	Ongoing	Open
79	WG10	MO	Develop a diagram for consultation for alignment of methodologies' timings vs the modifications	Post Workgroup Consultation		Open
80	WG10	MO	Provide further clarity on the nature of the projects designated in 2025, and separately those projects would have reserved capacity.	Further clarity will be provided on designation once draft methodology is available. No further clarity available at this stage in relation to capacity reservation.		Open

ESO

Meeting summary

84	WG11	PM/HS	To discuss how to make Offshore projects holding offers in scope of the modification	Ongoing discussions between Connections and Offshore Coordination team and have spoken to HS	Ongoing	Open
85	WG11	AC/DD	Comeback to WG with Justification on proposals on exempting mod apps from implementation date	AC/DD to input	Ongoing	Open
89	WG14	MO	STC solution to expand on intended process and contract changes (particular importance for TOs)	Meeting arranged with TOs for Monday 2nd Sept with outcome to be fed back to the Workgroup	Ongoing	Open
93	WG14	ESO Connections Team	Update on the pathway of modifications in relation to the wider Reform package	ESO general update from Robyn Jenkins in WG15. Further updates to be shared with the Workgroup	Ongoing	Open
94	WG15	ESO Connections Team	Clarification sought on whether the change to assess whether projects are needed introduces any risk to projects before the new arrangements go live (in context of an investment hiatus).	ESO session arranged for 16th September "Potential to apply a technology lens to Connections Reform event"	Ongoing	Propose to Close
96	WG15	PM	CNDM team to be asked how existing projects not meeting Gate 2 will be factored into the CNDM (in case of any consequential issues for removing the Gate 1 longstop)		Ongoing	Open
98	WG15	PM	To check if TEC reduction will still mean projects are open to liabilities	This is part of the CNDM debate with ongoing discussions	Ongoing	Open
99	WG15	PM	ESO to consider the new proposed reforms to National Planning Framework for nationally significant solar projects and any impacts for the Planning Regime timescales for Town & Country Planning (TCP)		Ongoing	Open
100	WG15	RM	Will timescales for submitting offers change with changes in programme timelines		Ongoing	Open
101	WG15	RM	Workgroup require timings for the further updates on Element 19		Ongoing	Open
102	WG15	MO	Swim lane document to be produced for CMP434 and 435		Ongoing	Open
105	WG16	AT/SB	Request for ESO to provide comment on how options will be created for Govt decisions on capacity mix (and the legal basis for decisions)	ESO session arranged for 16th September "Potential to apply a technology lens to Connections Reform event"	TBC	Propose to Close
107	WG17	AC	Clarify the process for transitional accepted offers in	Discussions are ongoing	TBC	Open

ESO

Meeting summary

			relation to 434 and/or 435 processes		
108	WG17	AQ	Come back with a clarificatory position on application routes where GSPs are involved	TBC	Open
110	WG17	AQ	Provide the document outlining the CMP435 legal text approach for sharing with the Workgroup	TBC	Open
111	WG18	MO	ESO and Ofgem to discuss expectations re: TOR i) and feedback to Workgroup.	TBC	Open
112	WG18	RM	Underlying RFI data to be supplied in Excel format as per WG17	TBC	Open

Attendees (excluding Observers)

Name	Initial	Company	Role
Catia Gomez	CG	Code Administrator, ESO	Chair
Tammy Meek	TM	ESO	Technical Secretary
Alice Taylor	AT	ESO	Proposer CMP435
Stephen Baker	SB	ESO	Proposer CM096
Paul Mullen	PM	ESO	Subject Matter Expert
Richard Paterson	RP	ESO	Subject Matter Expert
Andrew Colley	AC	SSE Generation	Workgroup Member Alternate CMP435
Andrew Yates	AY	Statkraft	Workgroup Member Alternate CMP435
Andy Dekany	AD	National Grid	Workgroup Member CMP435
Axel Wikner	AW	Orrön Energy	Workgroup Member Alternate CMP435
Barney Cowin	BC	Starkraft	Workgroup Member Alternate CMP435
Charles Deacon	CD	Eclipse Power	Workgroup Member CMP435
Charles Yates	CY	Fred Olsen Seawind	Workgroup Member Alternate CMP435
Ciaran Fitzgerald	CF	Scottish Power	Workgroup Member Alternate CMP435
Claire Hynes	CH		
Clare Evans	SE	Scottish Power Energy Networks	Workgroup Member CMP435
Darcy Kiernan	DK	NGV	Workgroup Member Alternate CMP435
Donald Fu	DF	Nat Power Marine	Workgroup Member CMP435
Ed Birkett	EB	Low Carbon	Workgroup Member CMP435
Garth Graham	GG	SSE Generation	Workgroup Member CMP435 & CM096
Gareth Williams	SW	Scottish Power Transmission	Workgroup Member CMP435
Grant Rogers	GR		
Greg Stevenson	GS	SSEN Transmission	Workgroup Member CMP435
Helen Snodin	HS		
Hooman Andami	HA	Elmya Energy	Workgroup Member CMP435

Hugh Morgan	HM		
Jack Purchase	JP	NGED	Workgroup Member CMP435
Jeffrey Regha	JR	Nat Power Marine	Workgroup Member Alternate CMP435
Jenny Thompson	JT		
Joe Colebrook	JC	Innova Renewables	Workgroup Member CMP435
Jonathan Whitaker	JW	SSEN Transmission	Workgroup Member Alternate CMP435 & CM096
Kyran Hanks	KH	WWA Ltd	Workgroup Member CMP435
Laura Henry	LH		
Luke Scott	LS	Northern Powergrid	
Mark Field	MF	Sembcorp Energy (UK) Limited	Workgroup Member CMP435
Michelle Macdonald Sandison	MMS	SSEN	Workgroup Member CMP435
Mireia Barenys	MB	Lightsoursebp	Workgroup Member Alternate CMP435
Mpumelelo Hlophe	MH		
Muhammad Madni	MM		
Niall Stuart	NS	Buchan Offshore Wind	Workgroup Member CMP435
Nina Sharma	NiS	Drax	Workgroup Member Alternate CMP435
Nirmalya Biswas	NB	Norther Powergrid	
Paul Jones	PJ		
Paul Youngman	PY	Drax	Workgroup Member CMP435
Phillip John	PJ	Epsilon Generation	Workgroup Member CMP435
Ravinder Shan	RS	FRV TH Powertek Limited	Workgroup Member CMP435
Richard Woodward	RW		
Robin Prince	RP	Island Green Power	Workgroup Member Alternate CMP435
Rob Smith	RS	Enso Energy	Workgroup Member CMP435
Ross O'Hare	RO	SSEN	Workgroup Member Alternate CMP435
Ross Thompson	RT	UK Power Networks	Workgroup Member CMP435
Salvatore Zingale	SZ	Ofgem	Authority Representative
Sam Aitchison	SA	Island Green Power	Workgroup Member CMP435
Samuel Railton	SR	Centrica	Workgroup Member CMP435
Sean Gauton	SG	Uniper	Workgroup Member Alternate CMP435
Steffan Jones	SJ	Electricity North West Limited (ENWL)	Workgroup Member CMP435
Tim Ellingham	TE	Scottish Power Renewables	Workgroup Member Alternate CMP435
Tony Cotton	TC	Energy Technical & Renewable Services Ltd	Workgroup Member CMP435