

Public

CMP435 and CM096 Application of Gate 2 Criteria to existing contracted background

Workgroup Meeting 27,
04 November 2024
Online Meeting via Teams

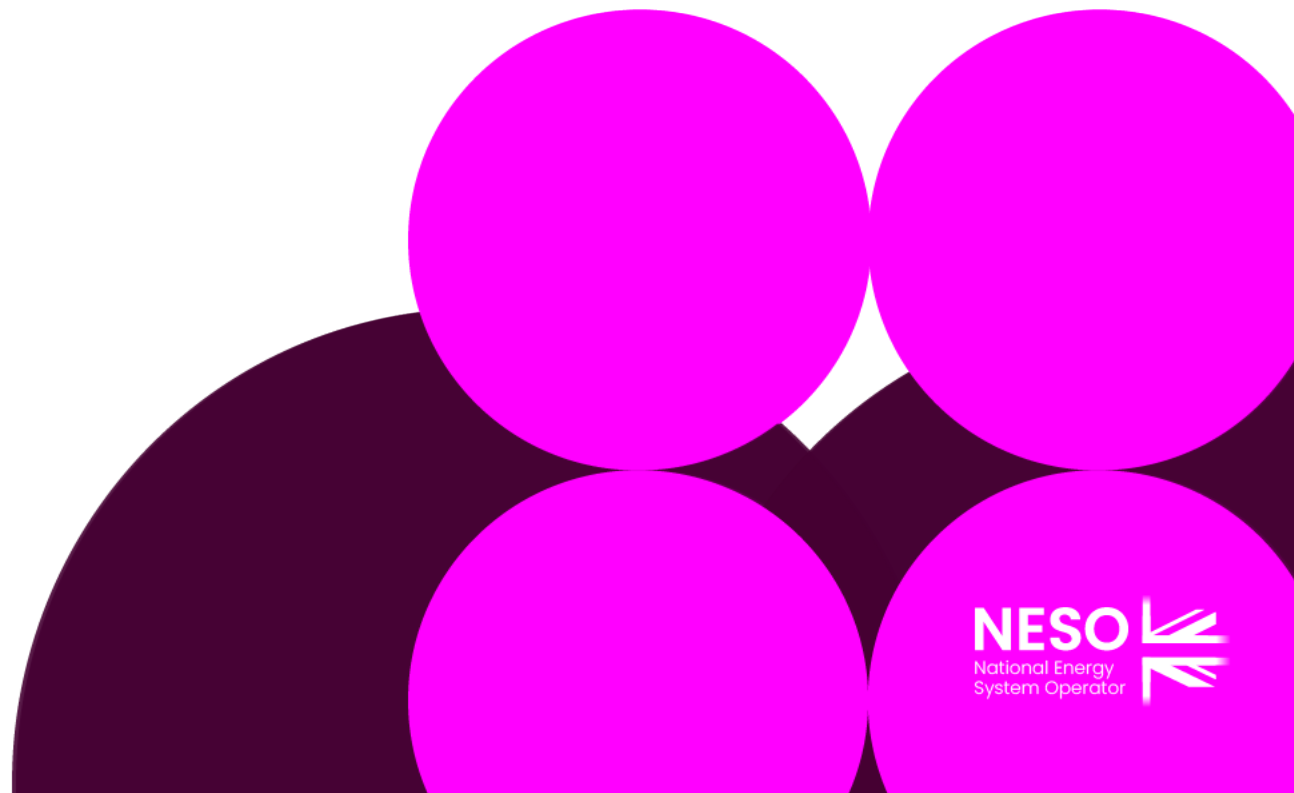
Agenda

1. Timeline
2. Final Review – CMP435 Legal text and WACM1 Legal Text
3. Alternative Requests update
4. Final Review – Workgroup Report
5. Action Log
6. Workgroup Vote
7. Any Other Business
8. Next Steps

WELCOME

Timeline

Catia Gomes – NESO Code Administrator



CMP435 & CM096 Timeline

Pre-Workgroup	
Proposal raised	19/04/2024
Proposal submitted to Panel	26/04/2024
Workgroup Nominations	26/04/2024 - 02/05/2024
Urgency Decision	01/05/2024
Workgroups	
Workgroup 1	07/05/2024
Workgroup 2	15/05/2024
Workgroup 3	23/05/2024
Workgroup 4	29/05/2024
Workgroup 5	04/06/2024
Workgroup 6	12/06/2024
Workgroup 7	19/06/2024
Workgroup 8	27/06/2024
Workgroup 9	03/07/2024
Workgroup 10	10/07/2024
Workgroup 11	19/07/2024
Workgroup 12	23/07/2024
Workgroup 13	24/07/2024
Workgroup Consultation	25/07/2024 - 06/08/2024
Workgroup 14	14/08/2024
Workgroup 15	22/08/2024
Workgroup 16	29/08/2024
Workgroup 17	04/09/2024

Workgroup Continuation		Key Objectives*
Workgroup 18	12/09/2024	CMP435 ToR Discussion/Action log; CM096 ToR Discussion/Action Log
Workgroup 19	18/09/2024	Alternative Requests Update
Workgroup 20	26/09/2024	Alternative Requests Update and Vote; CMP435 Draft Original Legal Text Discussion;
Workgroup 21	04/10/2024	CMP435 Legal Text Discussion; CMP435 Alternative Discussions and Vote
Workgroup 22	10/10/2024	CM096 Solution Update
Workgroup 23	17/10/2024	CMP435 Workgroup Report Discussion; CMP435 Legal Text Discussion; ToR Review - CM096 – Update
Workgroup 24	24/10/2024	CMP435 Workgroup Report Discussion; ToR Review
Workgroup 25	28/10/2024	CMP435 Legal Text Discussion; CMP435 WACM Discussion (and Legal Text). CM096 Update; Voting run-through
Workgroup 26	29/10/2024	CMP435 Final Review of Workgroup Reports; Complete sign off of ToR
Workgroup 27	04/11/2024	CMP435 Legal Text and WACM1 Legal text – Final Review and and Workgroup Vote
		Finalize outstanding points on legal text and WG Report and Workgroup Vote

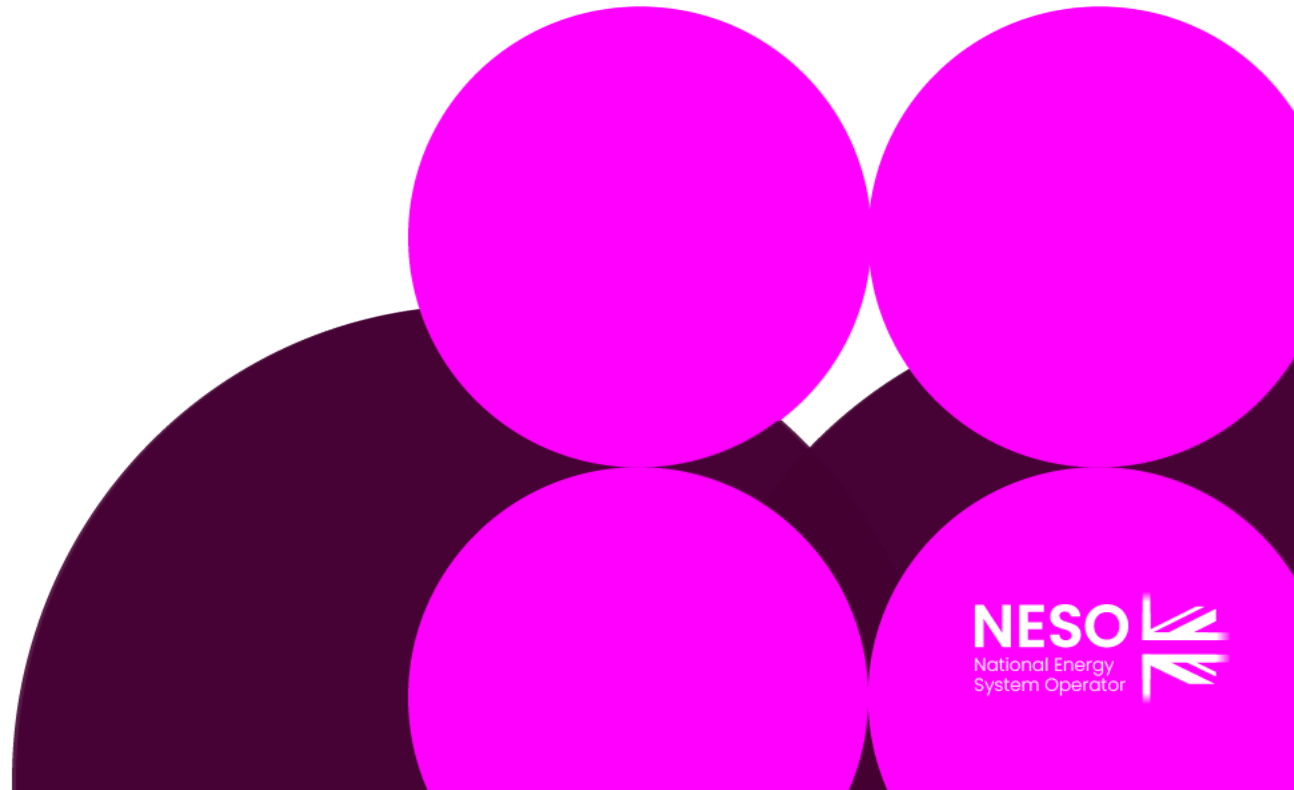
Post Workgroups		Key info
Workgroup Report submitted to Panel	05/11/2024	
Panel to agree whether ToR have been met	08/11/2024	Special Panel invites shared
Code Administrator Consultation	11/11/2024 - 22/11/2024	9 Business Days
Code Administrator Consultation Analysis and DFMR generation	25/11/2024 - 12/12/2024	13 Business Days
Draft Final Modification Report to Panel	13/12/2024	
Panel Recommendation Vote	20/12/2024	Special Panel invites shared
Final Modification to Ofgem	20/12/2024	
Decision Date	Q1 2025	
Implementation Date	Q2 2025	

Final Review - CMP435 Legal Text and WACM1 Legal Text

All

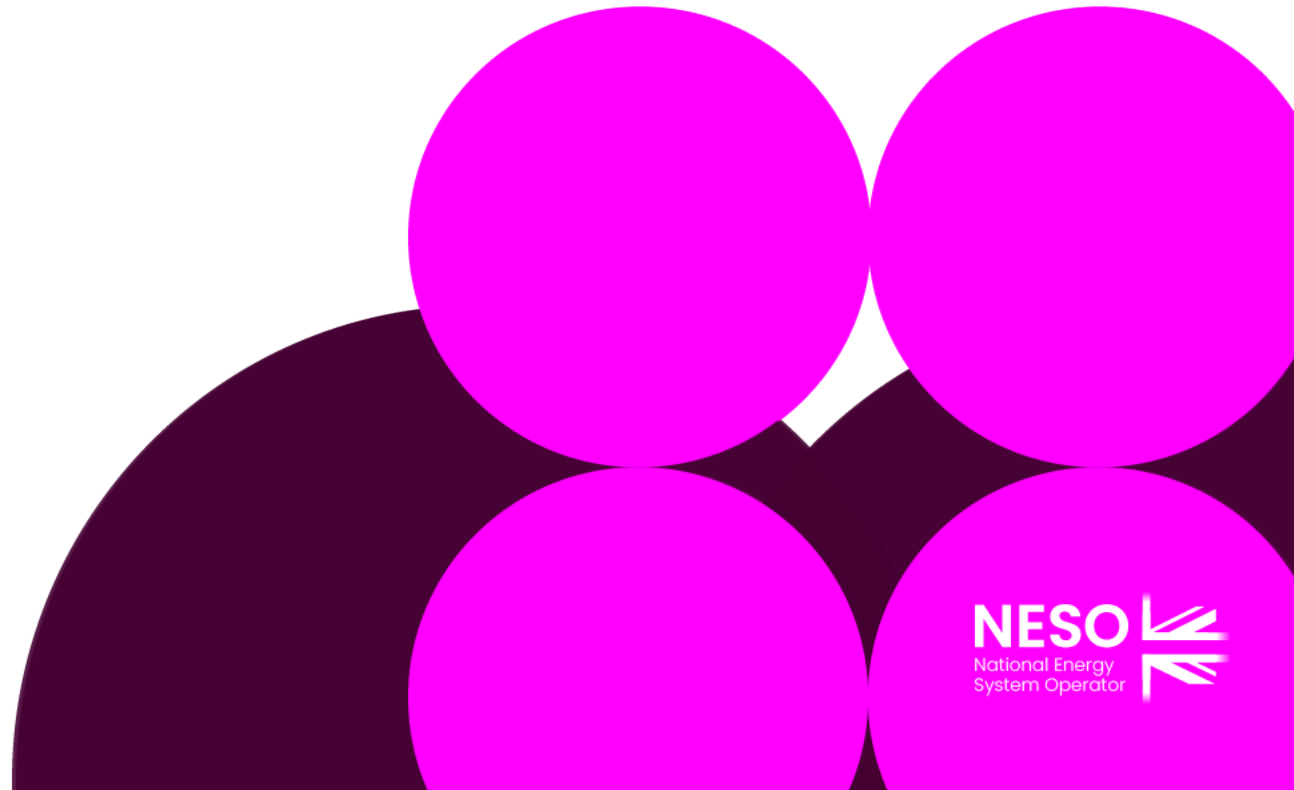
Alternative Requests update

All



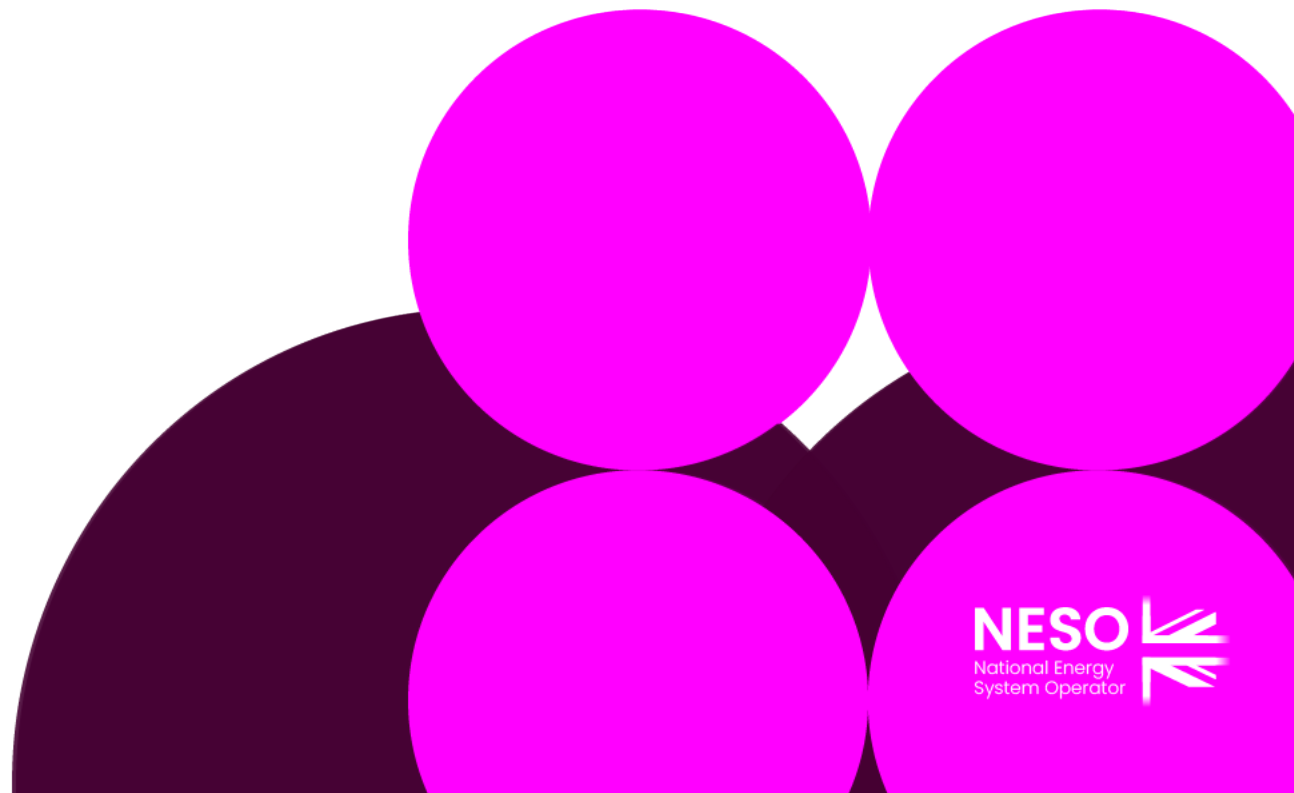
Final Review – Workgroup Report

All



Actions Log Review

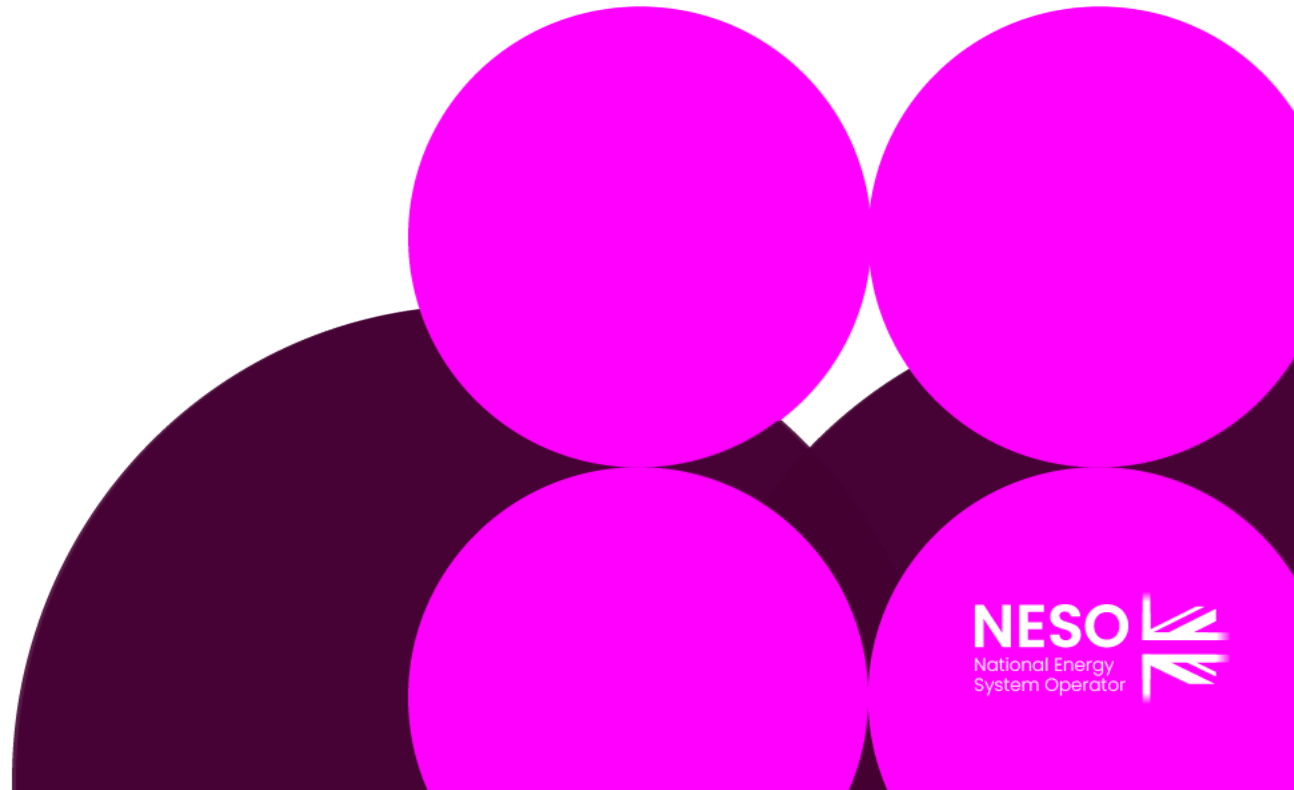
Catia Gomes – ESO Code Administrator



Action	Workgroup	Owner	Action	Update	Due	Status
130	WG22	ENWL	ENWL to check if an equivalent Alternative is required to their CMP434's Alternative.		TBC	Open

Workgroup Vote

All



What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

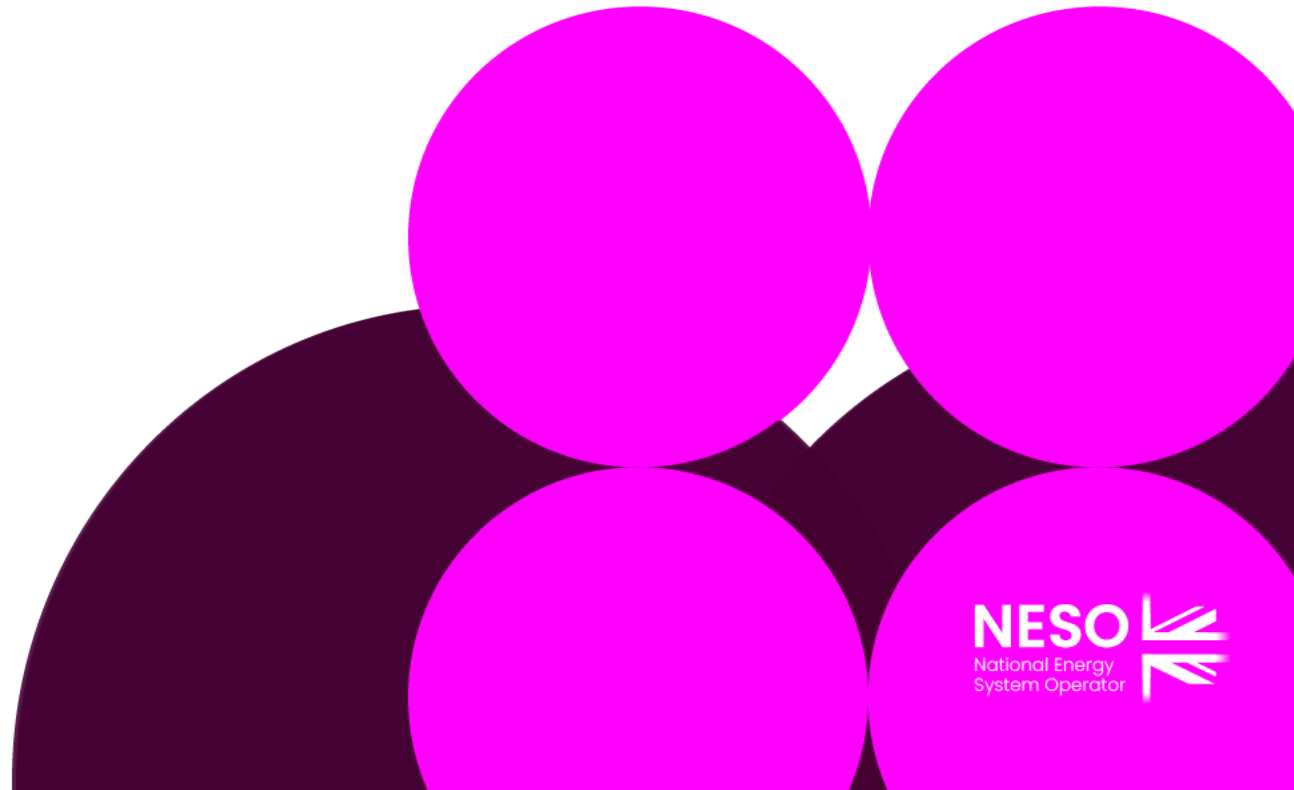
Stage 2 – Workgroup Vote

- 2a) Assess the original and Workgroup Alternative (if there are any) against the relevant Applicable Objectives compared to the baseline (the current code)
- 2b) Vote on which of the options is best.

Alternate Requests cannot be raised after the Stage 2 – Workgroup Vote

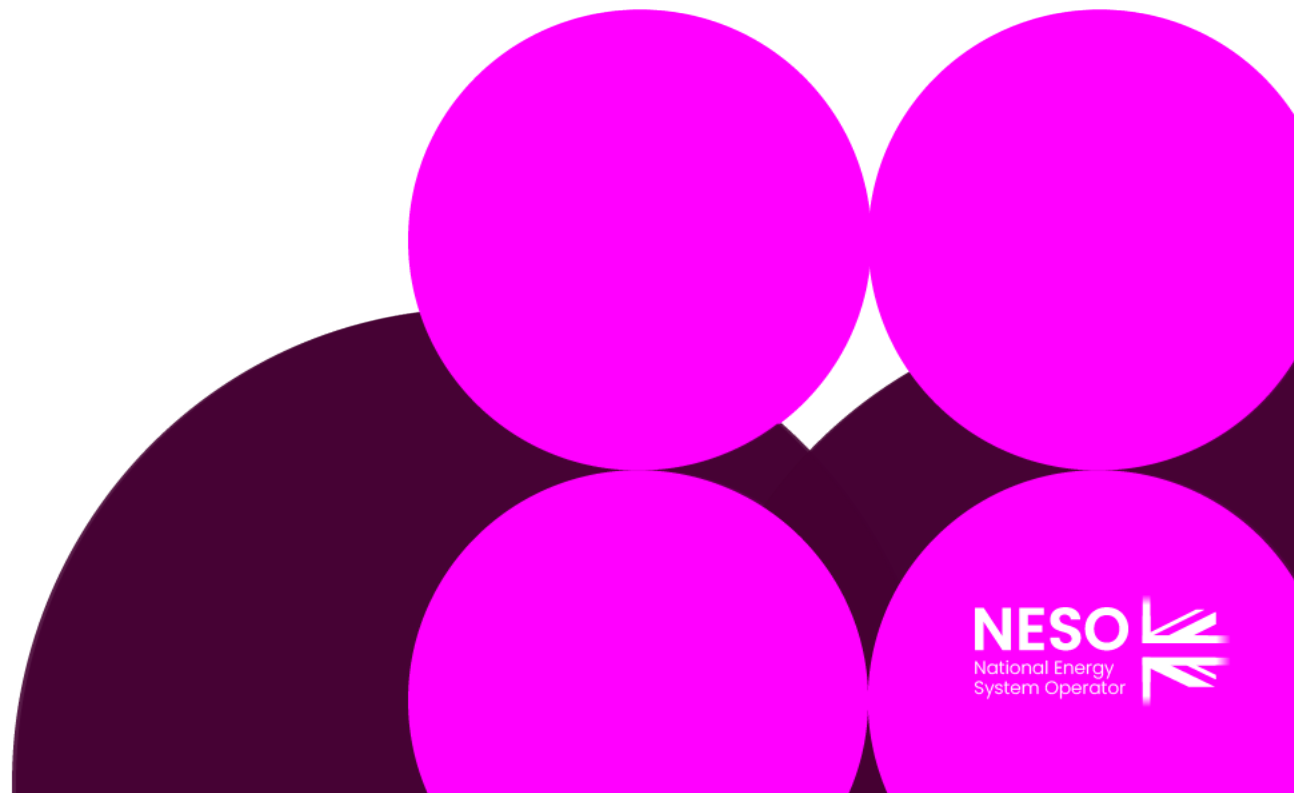
Any Other Business

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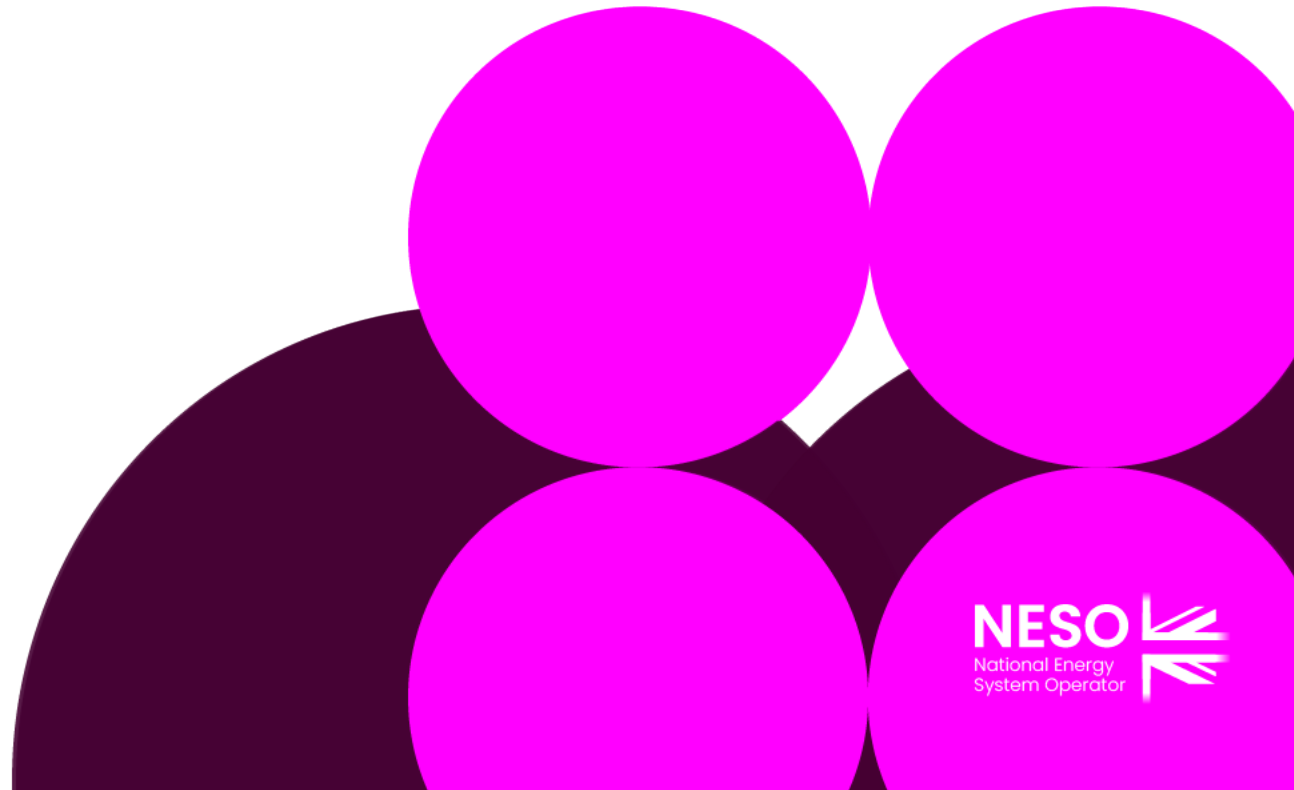
Next Steps

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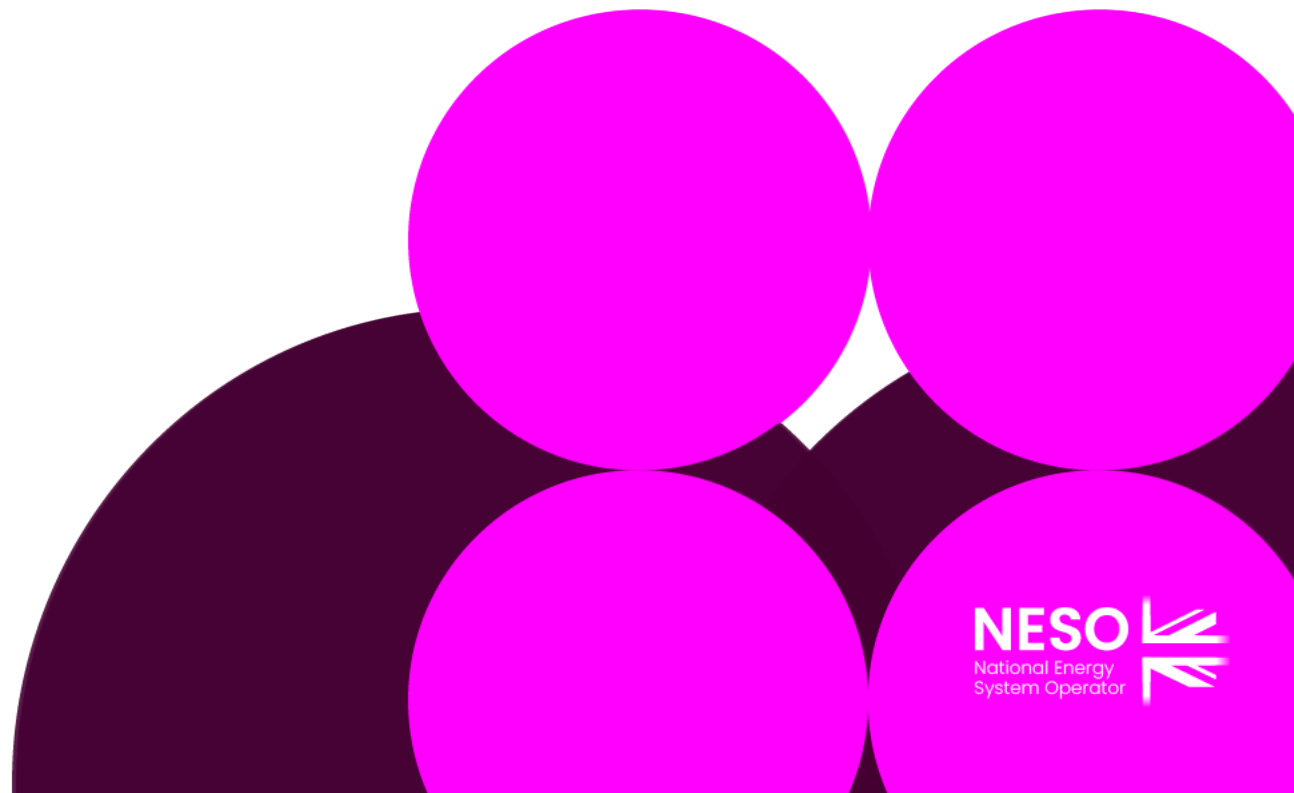
Appendix 1

CMP434 Alternative Requests (latest list for information)



Appendix 2

Raising an Alternative Request



What is an Alternative Request?

What is an Alternative Request? The formal starting point for a Workgroup Alternative Modification to be developed which can be raised up until the Workgroup Vote.

Who can raise an Alternative Request? Any CUSC Party, BSC Party, the Citizens Advice or the Citizens Advice Scotland may (subject to Paragraph 8.20.20) raise a Workgroup Consultation Alternative Request in response to the Workgroup Consultation. If you are not a CUSC Party, but are nominated by a CUSC Schedule 1 Party, please submit a statement in writing from the nominating party to confirm submission of the Alternative Request on their behalf. No Workgroup Consultation Alternative Request may be raised by any CUSC Party during any second or subsequent Workgroup Consultation.

What do I need to include in my Alternative Request form? The requirements are the same for a Modification Proposal you need to articulate in writing:

- a description (in reasonable but not excessive detail) of the issue or defect as outlined in the Original Proposal which the alternative seeks to address compared to the current proposed solution(s);
- the reasons why you believe that the proposed alternative request would better facilitate the Applicable Objectives compared with the current proposed solution(s) together with background information;
- where possible, an indication of those parts of the Code which would need amending in order to give effect to (and/or would otherwise be affected by) the proposed alternative request and an indication of the impacts of those amendments or effects; and
- where possible, an indication of the impact of the proposed alternative request on relevant computer systems and processes.

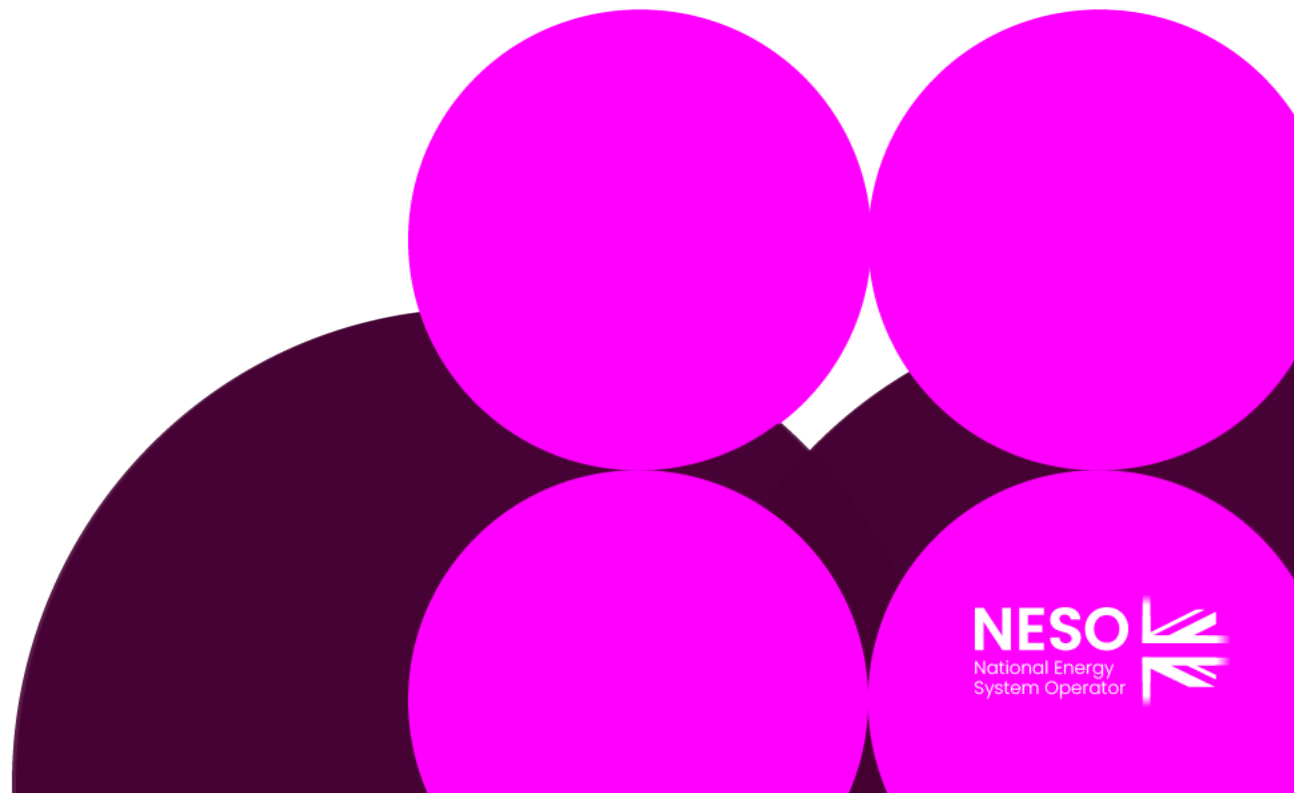
What is an Alternative Request?

How do Alternative Requests become formal Workgroup Alternative Modifications? The Workgroup will carry out a Vote on Alternatives Requests. If the majority of the Workgroup members or the Workgroup Chair believe the Alternative Request will better facilitate the Applicable Objectives than the current proposed solution(s), the Workgroup will develop it as a Workgroup Alternative Modification.

Who develops the legal text for Workgroup Alternative Modifications? ESO will assist Proposers and Workgroups with the production of draft legal text once a clear solution has been developed to support discussion and understanding of the Workgroup Alternative Modifications.

Appendix 3

Voting information



What is the Alternative Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should become Workgroup Alternative CUSC/ STC Modifications.
- The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.
- Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC/ STC objectives than the Original then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM)/ STC modification (WASTM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

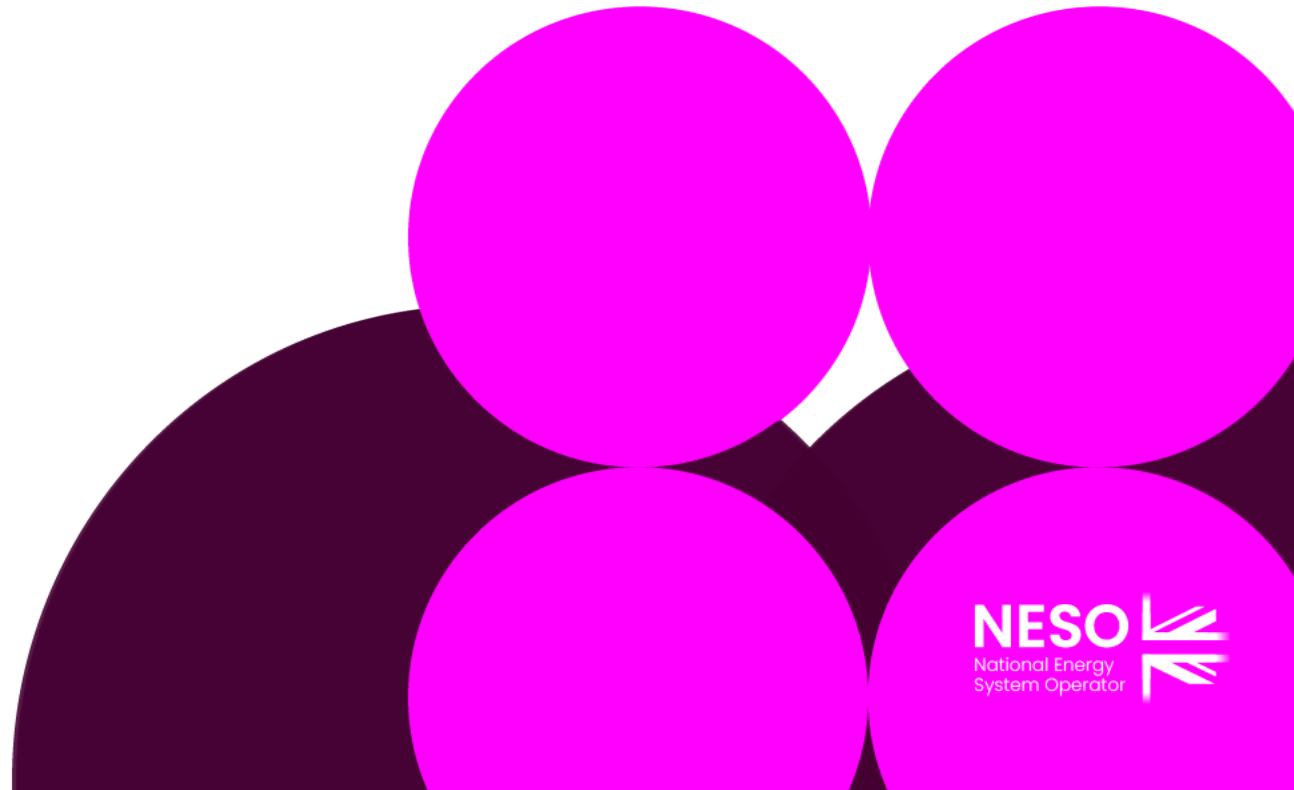
Stage 2 – Workgroup Vote

- 2a) Assess the original and Workgroup Alternative (if there are any) against the relevant Applicable Objectives compared to the baseline (the current code)
- 2b) Vote on which of the options is best.

Alternate Requests cannot be raised after the Stage 2 – Workgroup Vote

Appendix 4

Voting eligibility



CMP435

– Workgroup member voting eligibility (after WG26)

Role	Name	Company	Industry Sector	Eligibility to vote
Proposer	Alice Taylor	ESO	System Operator	100%
Workgroup Member	Andy Dekany	NGV	Interconnector	100%
Workgroup Member	Antony Cotton	Energy Technical & Renewable Services Ltd	Other - not disclosed	93%
Workgroup Member	Andrew Yates	Statkraft	Generator	89%
Workgroup Member	Barry Matthews	Orron Energy	Generator	15% (joined WG15)
Workgroup Member	Callum Dell	Invenergy	Generator	33%
Workgroup Member	Charles Deacon	Eclipse Power Solutions	Network Operator	59%

CMP435

– Workgroup member voting eligibility (after WG21)

Role	Name	Company	Industry Sector	Eligibility to vote
Workgroup Member	Claire Hynes	RWE Renewables	Generator	93%
Workgroup Member	Deborah MacPherson	Scottish Power Renewables	Generator	93%
Workgroup Member	Donald Fu	Nat Power Marine	-	7% (joined WG16)
Workgroup Member	Ed Birkett	Low Carbon	Generator	78%
Workgroup Member	Gareth Williams	Scottish Power Transmission	Onshore Transmission Licensee	100%
Workgroup Member	Garth Graham	SSE Generation	Generator	100%
Workgroup Member	Grant Rogers	Qualitas Energy	Generator	55%
Workgroup Member	Greg Stevenson	SSEN Transmission (SHET)	Onshore Transmission Licensee	96%

CMP435

– Workgroup member voting eligibility (after WG21)

Role	Name	Company	Industry Sector	Eligibility to vote
Workgroup Member	Helen Snodin	Fred Olsen Seawind	Generator	89%
Workgroup Member	Hooman Andami	Elmya Energy	Generator	63%
Workgroup Member	Jack Purchase	NGED	Network Operator	100%
Workgroup Member	Joe Colebrook	Innova Renewables	Generator	74%
Workgroup Member	Jonathon Lee Hoggarth	EDF Renewables Ltd	Generator	77%
Workgroup Member	Jonathan Wood	Tarchon Energy	Interconnector	7% (joined at WG8)
Workgroup Member	Kyran Hanks	WWA Ltd	CUSC Panel Member	70%
Workgroup Member	Mark Field	Sembcorp Energy (UK) Limited Legal, Regulation and Compliance		81%

CMP435

– Workgroup member voting eligibility (after WG21)

Role	Name	Company	Industry Sector	Eligibility to vote
Workgroup Member	Michelle MacDonald Sandison	SSEN	Network Operator	74%
Workgroup Member	Niall Stuart	Hutcheson Associates (Nominated on behalf of Buchan Offshore Wind)	Consultancy	89%
Workgroup Member	Nirmalya Biswas	Northern Powergrid	Network Operator	81%
Workgroup Member	Paul Jones	Uniper	Generator	100%
Workgroup Member	Paul Youngman	Drax	Generation/Supply	89%
Workgroup Member	Pedro Javier Rodriguez	Lightsourcebp	Generator	59%
Workgroup Member	Philip John	Epsilon Generation	Generator	26% (joined at WG 13)
Workgroup Member	Phillip Robinson	ITPenergised	Other – not disclosed	22% (joined at WG8)

CMP435

– Workgroup member voting eligibility (after WG20)

Role	Name	Company	Industry Sector	Eligibility to vote
Workgroup Member	Ravinder Shan	FRV TH Powertek Limited	Generator	96%
Workgroup Member	Richard Woodward	NGET	Onshore Transmission Licensee	92%
Workgroup Member	Rob Smith	Enso Energy	Generator	96%
Workgroup Member	Ross Thompson	UK Power Networks	Network Operator	89%
Workgroup Member	Sam Aitchison	Island Green Power	Developer	78%
Workgroup Member	Samuel Railton	Centrica	Generator	92%
Workgroup Member	Steffan Jones	Electricity North West Limited (ENWL)	Network Operator	92%
Workgroup Member	Wendy Mantle	Scottish Power Energy Networks	Network Operator	96%

CM096

– Workgroup member voting eligibility (after WG26)

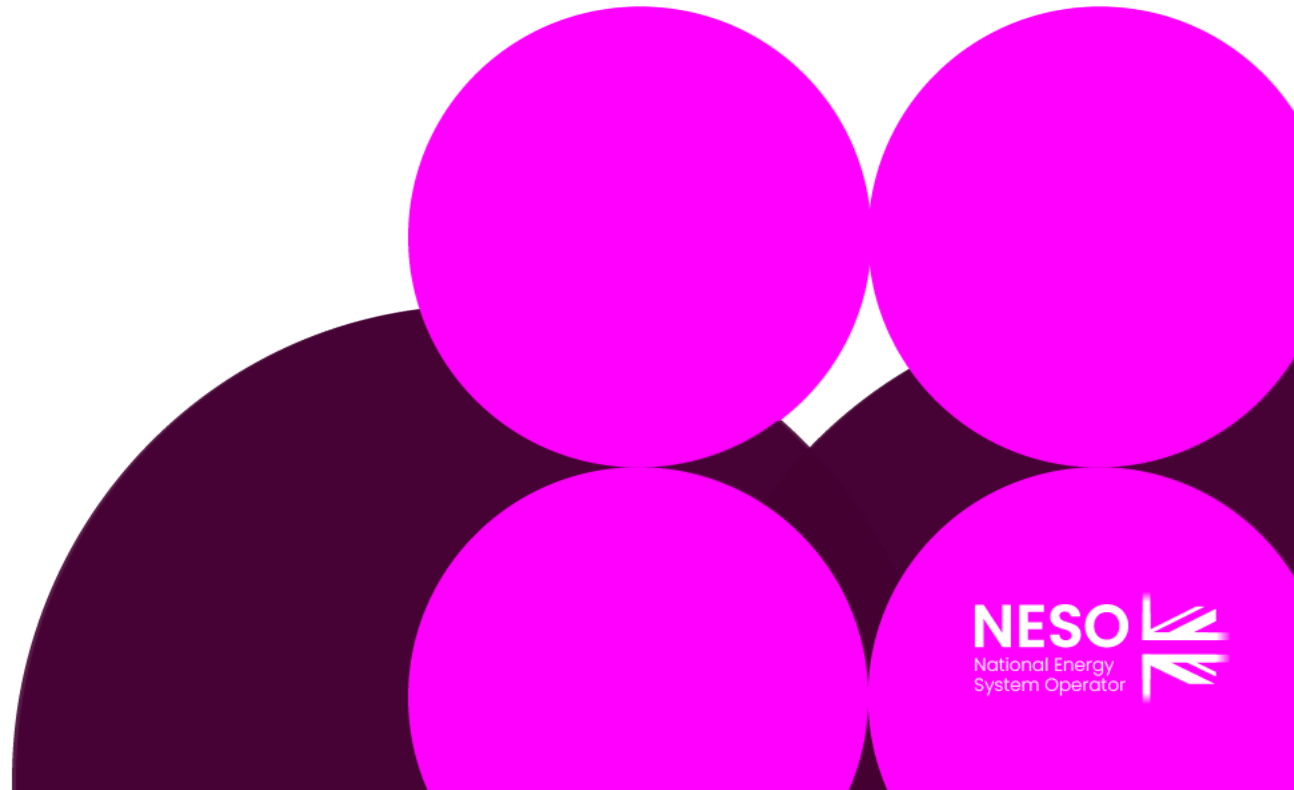
Regarding STC – no alternatives have been raised for CM096 and the withdrawal window is open until 5pm on 05 November.

Should the modification be picked up, and an Alternative be raised, voting eligibility will be calculated.

Currently all Workgroup Members for STC have voting eligibility.

Appendix 5

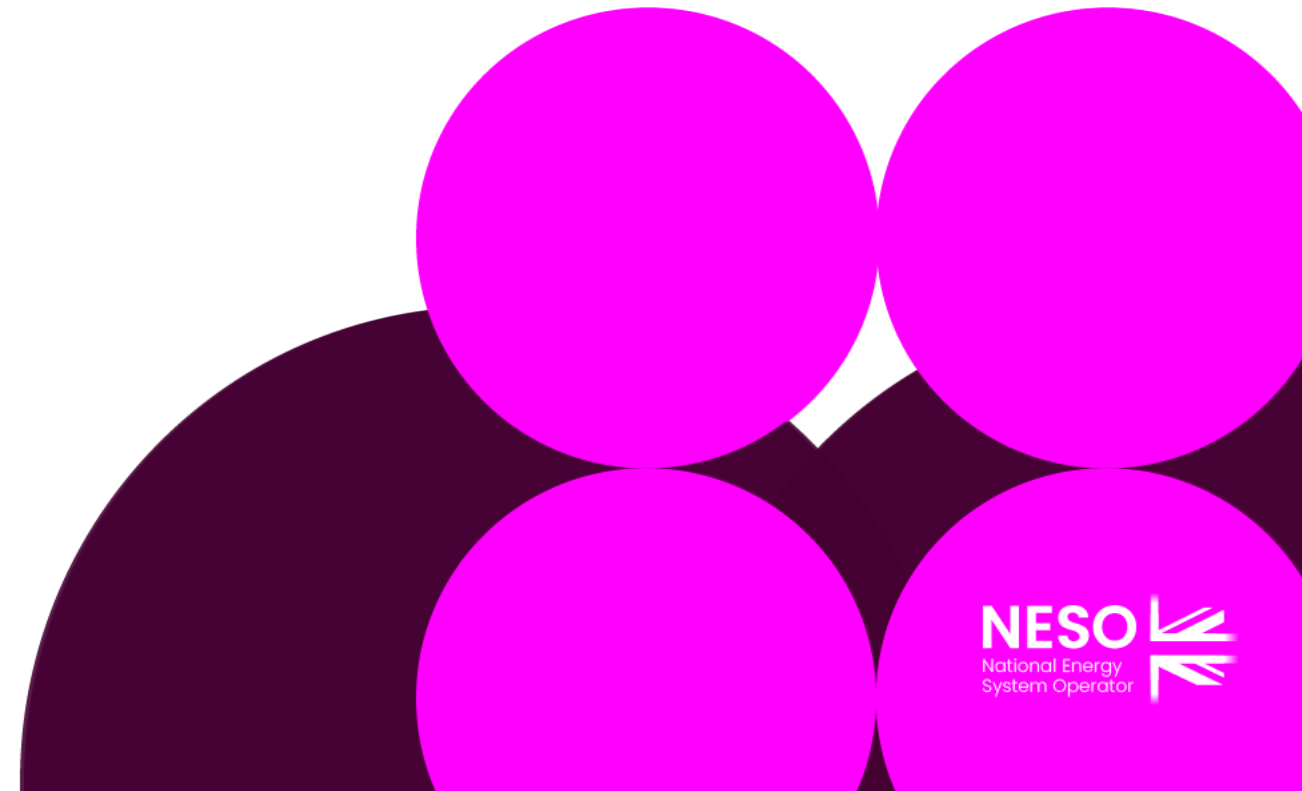
Terms of Reference



Updated CMP435 Terms of Reference Review

Catia Gomes – NESO Code Administrator

RAG Status
ToR Completed
Discussions ongoing but on track to meet ToR by Workgroup Report
Not on track to meet ToR by Workgroup Report



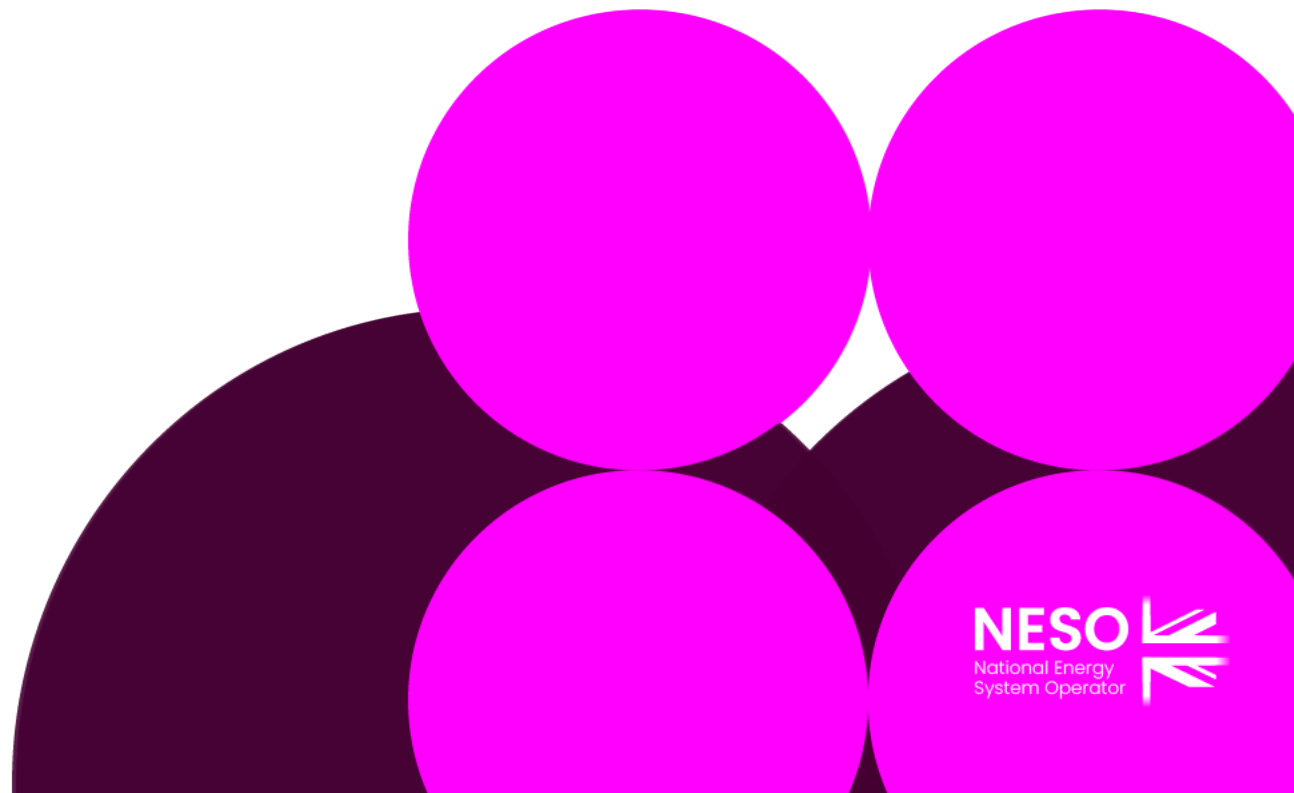
Workgroup Term of Reference	When has this been discussed?	Previous RAG Status
a) Consider Electricity Balancing Regulation implications.	<p>Legal Text Discussions</p> <p>Annex 9 Legal Text The EB regulations are mapped within Exhibit Y of the CUSC and linked to Section 4 – no proposed changes to the legal text fall in Section 4.</p>	
b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter .	<p>Element 3 (p.31-33)</p> <p>Identified scope of work and exemptions</p> <p>Consideration of topics which are not directly part of/are no longer part of Proposal:</p> <p>Timeline Updates (p.85)</p>	
c) Consider changes to the contractual arrangements for those existing contracted parties that have not met the Gate 2 criteria by the Go-Live Date of 1 January 2025.	<p>Element 19 (p. 51-60)</p> <p>Contractual changes and timings of process (p.56)</p> <p>Clarity that if Gate 2 not met or Gate 2 offer not accepted, project will be given Gate 1 and opportunity to terminate (p.60)</p> <p>Process to change an existing agreement to Gate 1 status (p.64)</p> <p>Legal Text Discussions (p65, 66, 83)</p>	
d) Review the transitional arrangements in relation to changes to the contractual arrangements and any associated costs.	<p>Element 19:</p> <p>Identification of four main groups of existing projects (p.51)</p> <p>Contractual changes for transitional/cut over projects (p.55)</p> <p>Element 20 (p. 67-68)</p> <p>Consideration of topics which are not directly part of/are no longer part of Proposal:</p> <p>Transitional Arrangements (p.79-82)</p>	

Workgroup Term of Reference	When has this been discussed?	Previous RAG Status
e) Consider the application of the User Commitment methodology to projects in Gate 1 and Gate 2 and the transitional arrangements that may be required for existing connections	<p>Element 19 :</p> <p>Securities and liabilities: Compensation/reconciliation arrangements (p.53)</p> <p>Securities and liabilities: relating to advancement (p.54)</p> <p>Process to change an existing agreement to Gate 1 status (p.64)</p>	
f) Consider how any new financial instruments associated with connections are cost reflective and predictable	<p>Consideration of topics which are not directly part of/are no longer part of Proposal:</p> <p>Gate 1 and Gate 2 Financial Instrument (p.83-84)</p> <p>Removed from solution after further consideration with the intention of any financial element to be raised by NESO in a separate code modification.</p> <p>Alternatives (p.69)</p>	
g) Consider how the solution(s) conforms with the statutory rights in respect of terms and conditions for connection	<p>Element 19 (p.51)</p> <p>Legal compliance of the approach (p.67)</p> <p>Legal Text Discussions</p>	
h) Consider the impact of NESO designation of Gate 2 status, and ways to make this non-discriminatory.	<p>Element 9 (p.37- 38)</p> <p>The detail of the NESO designation sits outside of the code modification and in the methodology to be consulted on and then approved by Authority.</p>	
i) Consider the relevant content of Annex B of the Ofgem Open letter on connections reform publication.	<p>See next slide for breakdown of Annex B and WG considerations.</p>	

Annex B Open Letter reference points	Information provided to the WG for consideration (page numbers refer to WG report)
<p>1. To ensure this proposal has a clear statement of forecasted benefits in line with the outcomes of the CAP (which are repeated above).</p>	<ul style="list-style-type: none"> Quantitative assessment provided to the WG in relation to the RFI data and analysis (p.34, 88)
<p>2. To identify and understand the risks associated with this proposal (including legal risks) and develop effective mitigations as far as possible.</p>	<ul style="list-style-type: none"> Process risks have been considered throughout WG discussions (p. 36, 47, 52, 58) Methodology concerns (p.30)
<p>3. To evidence through a clear impact assessment that the proposal will achieve forecasted benefits.</p>	<ul style="list-style-type: none"> Quantitative assessment provided to the WG in relation to the RFI data and analysis (p.34, 88) Impact Assessment and RFI (p.87-88)
<p>4. To ensure the details of the proposal are developed through consultation with network owners, wider industry and connection customers.</p>	<ul style="list-style-type: none"> Consultations previous and planned via the code modification process: <ul style="list-style-type: none"> WG consultation published in July (covered as part of WG consultation summary (p.28-29) Code Administrator Consultation planned for 11/11
<p>5. To identify and recommend any regulatory and legislative changes required to enable or mitigate risks associated with the proposal.</p>	<ul style="list-style-type: none"> TMO4+ suite of code modifications CMP434/CMP435/CM095/CM096 NESO has provided high-level views on required licence changes to Ofgem to inform their thinking on the potential licence changes within the code change process. Licence changes and legislative changes discussion (p.66)
<p>6. To follow (and share) a robust options development and implementation plan, in line with the expectations set out in the Chancellor's statement, whilst ensuring appropriate consultation, consideration and evidence-based decision making, alongside time for regulatory changes (i.e. codes and licences) and time for process implementation and operational go-live.</p>	<ul style="list-style-type: none"> The revised code modification plans were submitted to Ofgem on 09/09 following engagement with code panels. TMO4+ updates provided within the code change process Alternative Requests and WACM development (p.69-74)
<p>7. To consider what contingency options to bring forward at pace if this proposal does not look to deliver: a. the expected timeframe – 1 Jan 2025, as per Chancellor announcement; and/or b. the expected benefits – we expect the ESO to monitor the proposal as it develops to assess whether it will go far enough to meet the desired objectives – and if not, to recommend further measures to meet these.</p>	<ul style="list-style-type: none"> This is a wider issue than the code change process and therefore not relevant for consideration within the modification
<p>8. To consider how to pragmatically prepare for the reforms and manage the expectations of existing and new customers in advance of the implementation date, particularly the connection offer terms customers hold or expect to hold. We anticipate that ESO will engage with customers appropriately, communicating at the right time about all the changes they will experience as result of this process change.</p>	<ul style="list-style-type: none"> Consider this to be wider than the code change process although discussions have taken place as part of legal text, implementation approach and consideration of Methodologies.

CM096 Terms of Reference Review

RAG Status
ToR Completed
Discussions ongoing but on track to meet ToR by Workgroup Report
Not on track to meet ToR by Workgroup Report

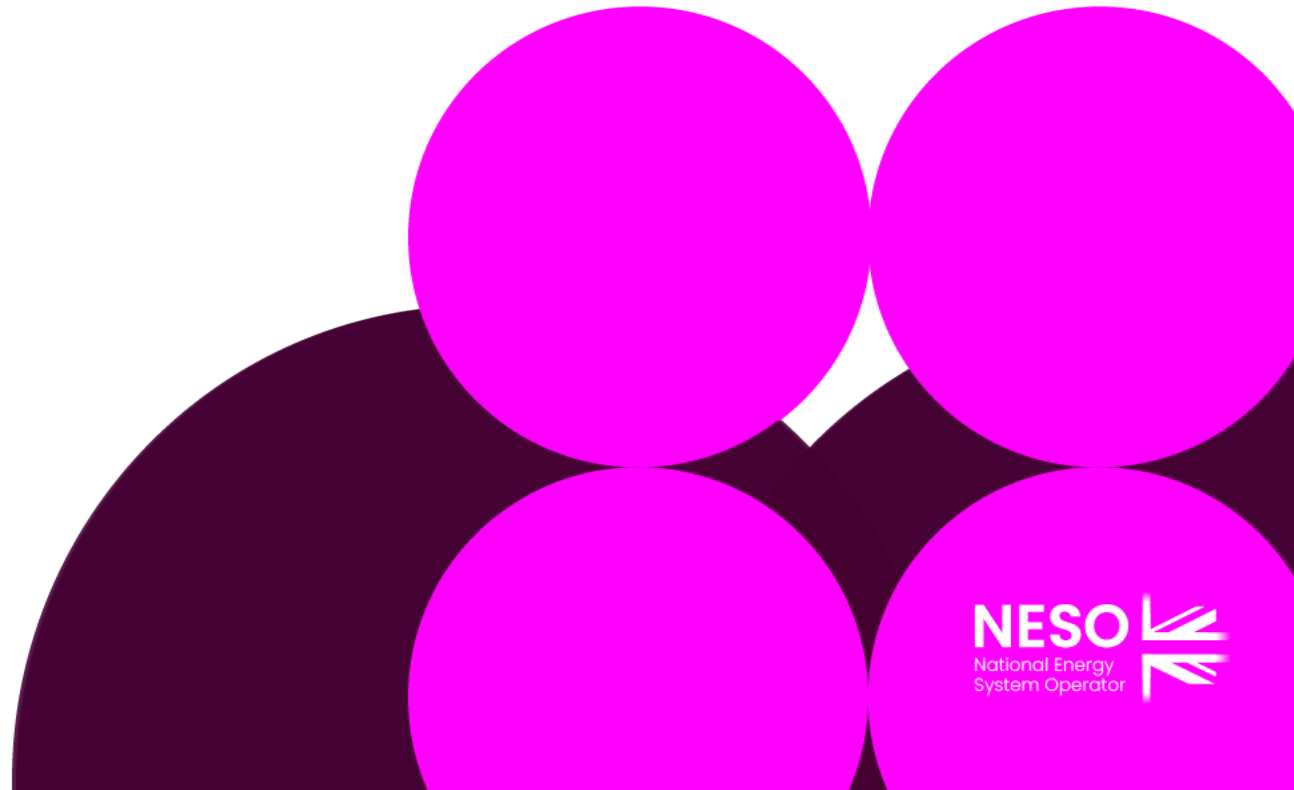


Workgroup Terms of Reference	When has this been discussed?	RAG status
a) Consider Electricity Balancing Regulation implications.	Considered under Workgroup meetings- requires further delineation for STC- in scope of this modification?	
b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter .	Considered under Workgroup meetings	
c) Consider what types of existing contracts that CM096 should apply to, and what exemptions are required (if any).	To be Legal text discussions Connection Point and Capacity Reservation	
d) Consider changes to the contractual arrangements for those existing contracted parties that have not met the Gate 2 criteria by the Go-Live Date of 1 January 2025.	To be Legal text discussions Discussions on Component A Considered under Workgroup meetings- requires further delineation for STC	
e) Review the transitional arrangements in relation to changes to the contractual arrangements and any associated costs.	Discussions on Component A Considered under Workgroup meetings- requires further delineation for STC	
f) Consider the application of the User Commitment methodology to projects in Gate 1 and Gate 2 and the transitional arrangements that may be required for existing connections contracts.	Considered under Workgroup meetings Connection Point and Capacity Reservation	

Workgroup Terms of Reference	When has this been discussed?	RAG status
g) Consider how any new financial instruments associated with connections are cost reflective and predictable.	Considered under Workgroup meetings- requires further delineation for STC- Consideration of options which are no longer in scope of this modification- Gate 2 Financial Instrument	
h) Consider how the solution(s) conform(s) with the statutory rights in respect of terms and conditions for connection.	Considered under Workgroup meetings- requires further delineation for STC- is this in scope of this modification?	
i) Consider the impact of NESO designation of Gate 2 status, and ways to make this non-discriminatory.	Considered under Workgroup meetings- requires further delineation for STC- is this in scope of this modification?	
j) The cross Code impacts this modification has, in particular the CUSC and distribution arrangements (e.g. DCUSA).	ESO-TO weekly sub-group calls alongside CM095- including STCPs- is this in scope of this modification?	
k) Consider the relevant content of Annex B of the Ofgem Open letter on connections reform publication .	Considered under Workgroup meetings- requires further delineation for STC- is this in scope of this modification?	

Appendix 6

Simplified illustrative summary for Large EG with
BEGA/BELLA



Simplified illustrative summary for Large EG with BEGA/BELLA – 18.8.4

EG Type	Project Status	G2 Evidence check	EG actions (indicative thinking)	DNO/NESO actions (tba)	Outcome
Large with BEGA/BELLA	Not Gate 2 ready	NESO	Options: <ul style="list-style-type: none"> EG informs NESO and DNO that chosen not to apply for Gate 2 EG applies to NESO and informs DNO of intent, but does not meet Gate 2 EG does nothing 	Key activities <ul style="list-style-type: none"> NESO checks supplied evidence & informs EG not met Gate2 NESO updates DNO Or <ul style="list-style-type: none"> NESO checks and sees no application received and processes Gate 1 offer NESO informs DNO that no Gate 2 application made 	<ul style="list-style-type: none"> BEGA updated to reflect Gate1 BCA updated to remove rights & obligations on DNO to energise for EG
	Gate 2	NESO	<ul style="list-style-type: none"> EG applies for G2 status with NESO EG notifies DNO that has applied for G2 status (exact process tbc and will form part of guidance) 	Key activities: <ul style="list-style-type: none"> NESO receives G2 evidence from EG NESO notifies DNO NESO/DNO align application information NESO/DNO/EG contracts update 	<ul style="list-style-type: none"> BEGA updated to Gate 2 BCA updated to reflect Gate 2
	Gate 2 + acceleration	NESO	<ul style="list-style-type: none"> EG notifies DNO that is applying G2 status and agrees with DNO on acceleration request (exact process tbc and will form part of guidance) EG applies for G2 status with NESO and notifies NESO that it would like acceleration (must be agreed with DNO first by EG) 	Key activities: <ul style="list-style-type: none"> NESO receives G2 evidence from EG and notifies DNO Check between NESO and DNO that Advancement request can be accommodated by DNO NESO/DNO align application information Acceleration fee paid (process tbc) NESO/DNO/EG contracts update 	<ul style="list-style-type: none"> BEGA updated to Gate 2 BCA updated to reflect Gate 2