Public

Final Modification Report

CMP434: Implementing Connections Reform

Overview: The current connections process is not enabling the timely connection of projects to meet net zero. A wholesale revision is needed to the connections process to meet those targets and the needs of project developers and consumers. This proposal introduces new processes and definitions that will update the existing processes and enable projects that are most ready to progress more rapidly, to achieve connection.

Modification process & timetable

1. **Proposal Form**
   19 April 2024
2. **Workgroup Consultation**
   25 July 2024 - 06 August 2024
3. **Workgroup Report**
   05 November 2024
4. **Code Administrator Consultation**
   08 November 2024 - 26 November 2024
5. **Draft Final Modification Report**
   13 December 2024
6. **Final Modification Report**
   20 December 2024
7. **Implementation**
   Q2 2025

Have 30 minutes? Read our Executive summary
Have 2 Business Day? Read the full Final Modification Report
Have 3 Business Days? Read the full Final Modification Report and Annexes.

Status summary: This report has been submitted to the Authority for them to decide whether this change should happen.

Panel recommendation: The Panel recommended unanimously that the Original, WACM3, WACM4 and WACM6 better facilitated the Applicable CUSC Objectives.
The Panel recommended by majority that WACM1, WACM2, WACM5, and WACM7 better facilitated the Applicable CUSC Objectives.
By majority the Panel recommended that WACM6 (3 out of 8 votes) best met the Applicable CUSC Objectives.

This modification is expected to have a: High impact on Transmission Owners (TOs), Interconnectors, Generators (including embedded generators), Demand, Distribution Network Operators (DNOs), Independent Distribution Network Operators (iDNOs) and Electricity System Operator (ESO)

Governance route	Urgent modification proceeding under a timetable agreed by the Authority (with an Authority decision)	
Who can I talk to about the change?	**Proposer:** Ruby Pelling ruby.pelling@nationalenergyso.com 07813 408897	**Code Administrator Chair**: Claire Goult claire.goult@nationalenergyso.com 07902 312226

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Executive summary

This code modification was raised under the Electricity System Operator (ESO)'s[1] Connections Reform programme, with proposals to reform the electricity transmission connections process as set out in the Connection and Use of System Code (CUSC).

What is the issue?

The current Great Britain (GB) transmission connections process is not enabling the timely connection of projects to meet net zero. A wholesale revision is needed to the connections process to meet those targets and the needs of project developers and consumers.

What is the solution and when will it come into effect?

Proposer's solution: This proposal introduces new processes and definitions for certain new and modified connection applications that will update the existing processes and enable those projects that are most ready to progress to connect more rapidly. This is done by moving away from a 'first come, first served' approach to capacity allocation and reallocation and provides a framework to introduce one which is based around 'first ready, first served' in accordance with a new proposed suite of three Methodologies (and with the advent of more strategic network planning would also be future-proofed to move to 'first come, first needed, first served' approach through such Methodologies if and when required (and future proof for the needs of the Clean Power Plan 2030 (CP30))). It is proposed to introduce the concept of an application window and two formal gates, which are known as Gate 1 and Gate 2. This means that in-scope project developers will no longer be able to submit new and modified connection applications at any time and will only be able to do so in application windows. Once a project meets the Gate 2 criteria the project developer can apply (via the relevant party) to be provided with a confirmed connection point and connection date.

Implementation date: Q2 2025

Please note that the Proposer envisages a more specific implementation date being set out by the Authority in due course.

Summary of alternative solutions and implementation dates:

All Workgroup Alternative CUSC Modification (WACM) implementation dates are in line with the Original Proposal.

WACM1: Clarification of Embedded Definition
This option is in line with the Original Proposal, except for changing the definition of Embedded schemes that are covered by the Primary Process to be defined by capacity rather than referencing Relevant Small, Medium and Large Power stations.

[1] This proposal has been developed over a number of months which preceded the establishment, on 1st October 2024, of the National Energy System Operator (NESO). Therefore, in some places, this document refers to the 'ESO' (to denote the GB Electricity System Operator) rather than 'NESO' (to denote the GB National Energy System Operator).

WACM2: DNO Submission Requirement
This option is in line with the Original Proposal, except for changing the obligation of DNOs and iDNOs in respect of the inclusion of all applicable Embedded Projects that provide a valid Gate 2 compliance application and evidence submission within the Gated Application Window, as part of the DNO/iDNOs fully completed Gate 2 Application to NESO. In the Original the obligation is to use Reasonable Endeavours to do so, whereas in this option the obligation is absolute.

WACM3: Capacity Reallocation Codification
This option is in line with the Original Proposal, except for codifying a Capacity Reallocation mechanism to allow terminated capacity to be offered to the next contracted project that has passed Gate 2 and is able to utilise the released capacity. This would remove NESO's ability to utilise Project Designation or Connection Point and Capacity Reservation in respect of reallocating terminated capacity.

WACM4: Codifying restrictions on changes to project site location – "Red Line Boundary" (RLB) – post-Gate 2
This option is in line with the Original Proposal, except for codifying the proposed restrictions on changes to project Red Line Boundary post-Gate 2, rather than housing the restrictions in the proposed Gate 2 Criteria Methodology.

WACM5: Remove Project Designation
This option is in line with the Original Proposal except for the removal of Element 9: Project Designation

WACM6: Obligation to Codify the Methodologies and Guidance Documents under Connection Reform
This option is in line with the Original Proposal, however, adds an obligation on NESO to undertake and report on a review of the new connections process, to allow stakeholders to assess whether a code modification is required to codify the Methodologies and Guidance documents.
WACM6 should not be implemented without CM095 ASM1.

WACM7: Introduction of a pause for market self-regulation before NESO/the Transmission Operators (TOs) undertake the network assessment
This option is in line with the Original Proposal but introduces a pause for market self-regulation prior to NESO/TO network assessment occurring, to allow for greater visibility of competitor projects.

Workgroup conclusions: The Workgroup concluded by majority that the Original, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 and WACM7 better facilitated the Applicable Objectives than the Baseline.

Panel recommendation: The Panel recommended unanimously that the Original, WACM3, WACM4 and WACM6 better facilitated the Applicable CUSC Objectives.

The Panel recommended by majority that WACM1, WACM2, WACM5, and WACM7 better facilitated the Applicable CUSC Objectives.

By majority the Panel recommended that WACM6 (3 out of 8 votes) best met the Applicable CUSC Objectives.

What is the impact if this change is made?

The impact on in-scope projects/developers is that a reformed connections process will be in place for new connection applications and "Significant Modification Applications". There will therefore be different process timescales and policies for in-scope projects/developers (connecting at both distribution and transmission) to be aware of in respect of the National Electricity Transmission System (NETS) for such applications.

Interactions

This code modification directly interacts with a change to the STC[2], CM095.

There are also interactions with the separate (but related) modifications addressing Application of Gate 2 criteria to existing contracted background: CMP435. STC modification CM096 had been raised in conjunction with CMP435 but was subsequently withdrawn.

There is also a possibility of consequential changes to the (Distribution Connection and Use of System Agreement (DCUSA) as a result of this code modification. However, no such DCUSA change has been identified to date.

There are also further significant interactions with the following wider developments (that are currently ongoing):

- Clean Power 2030 Plan
- NESO Methodologies (which are) under development[3]:
  - Gate 2 Criteria Methodology
  - Connections Network Design Methodology (CNDM)
  - Project Designation Methodology
- OFGEM Licence Consultation(s) (at the time of publication of this document the Proposer expected this licence Consultation to cover Network Companies)
- OFGEM End to End Connections Consultation

[2] The System Operator - Transmission Owner Code

[3] These three documents are due to be consulted upon around the same time (November 2024) as the Code Administrator Consultation for this modification.

What is the issue?

The current connections process is not enabling the timely connection of projects to meet net zero. A wholesale revision is needed to the connections process to meet those targets and the needs of project developers and consumers. This proposal introduces new processes that will update the existing processes and enable projects that are most ready, to connect more efficiently.

In December 2022, the ESO published a Case for Change, to conclude Phase 1 of their GB Connections Reform project, in respect of the longer term reform of the connections process (i.e. the process by which projects apply to connect to or use the electricity transmission system in GB). The ESO subsequently worked with stakeholders during early 2023 to develop and explore options in relation to a longer-term reformed process for connections and the ESO set out their initial recommendations for reform in a consultation in June 2023. The ESO have continued to engage and develop their thinking based on the ~80 responses to the consultation. The ESO set out their final recommendations for longer-term connections reform on 5 December 2023, which identified policy areas that needed to be finalised before raising changes to the codes. The ESO concluded Phase 2 of their GB Connections Reform project and just prior to this, in November 2023, Department of Energy Security and Net Zero (DESNZ)/Ofgem published their joint Connections Action Plan (CAP), which stated the following in relation to Connections Reform:

> *"Desired Outcome: Connections reforms delivered with a high degree of confidence in quality, pace, ambition and coordination of reform delivery, ensuring greater and faster impact of connection reform in reducing connection times as well as lower system and/or connection costs.*
>
> *In selecting the most appropriate implementation approach for the Connections Action Plan, we were guided by a range of factors and principles. We want an implementation approach that ensures sufficient industry engagement and efficient and coordinated delivery of changes, taking into account the interests of all stakeholders, as well as wider strategic objectives related to achieving net zero goals and enabling reforms to be substantially delivered by 2025 to ensure energy security and investability across the network."*[4]

Since the publication of the ESO's final recommendations in December 2023 and noting the asks on the ESO within the Connections Action Plan, the ESO continued to engage across industry on key policy decisions and how to incorporate these changes within the codes. As a result of this further policy development and industry engagement, the ESO published, in April 2024, an update to final recommendations setting out what has changed since the final recommendations of December 2023 and why, and to inform the proposed code changes.

The issue the ESO is now seeking to resolve with this code modification as part of Phase 3 (detailed process design and implementation) of their GB Connections Reform project is to update the current and relevant codified aspects of the connection process (assuming the necessary corresponding licence changes are undertaken by Ofgem in due course), to align with the previously published the ESO recommendations for a reformed connections process.

[4] Pages 83 and 84.

Scope

Given the breadth of the scope of the ESO's previously published final recommendations, the Proposer is only proposing changes related to the final recommendations that are needed for what the Proposer considers to be the Minimum Viable Product (MVP) i.e. those changes that the Proposer feels are essential for Day 1 (the Go Live date: the date at which the new process in the legal text goes live, on or after the implementation date). It is worth noting that this is not a complete replacement of the existing processes related to connections as some of the existing process will remain applicable in some cases e.g., some Modification Applications. It is also worth noting the Proposer has amended what is to be considered the MVP as a result of the Workgroup Consultation.

Therefore, the current scope of this MVP change (Post-Workgroup Consultation) is:

- Introducing application windows and two formal gates, which are known as Gate 1 and Gate 2 (i.e., the "Primary Process").
- Clarifying which projects go through the Primary Process and any differences.
- Setting out the process and criteria in relation to Application Windows and Gate 1.
    - Introducing a Letter of Authority (LoA) offshore equivalent[5] as a Gate 1 application window entry requirement for offshore projects.
- Introducing a proposed Methodology that will set out the criteria for demonstrating that Gate 2 has been achieved and setting out the obligations imposed afterwards.
    - Incorporating amendments to Queue Management Milestones introduced by CMP376 (Inclusion of Queue Management process within the CUSC);
    - Setting out allowable amendments to red line boundaries once Gate 2 has been achieved; and
    - Introducing land rights duplication checks against the red line boundary to be submitted by a project once it reaches Gate 2.
- Setting out the general arrangements in relation to Gate 1 and Gate 2 processes, including in relation to the concepts of Project Designation and Connection Point and Capacity Reservation.
- Changing NESO's (and TO's) connection offer timescales to align with the Primary Process timescales for in-scope projects/applications i.e., a move away from three months for making certain licenced offers.
- Codifying (at a very high-level) the following concepts and the requirement for the three new proposed Methodologies: (i) the Connections Network Design Methodology, (ii) the Gate 2 Criteria Methodology and (iii) the Project Designation Methodology. The policy details of these

[5] To be known as a '*Letter of Acknowledgement*' issued by either The Crown Estate or Crown Estate Scotland.

proposed Methodologies are intended to sit outside of the CUSC and are not the subject of this proposal.

- Introducing consequential changes to connection agreements for in-scope projects.
- Setting out the process for how Distribution Network Operators (DNOs) and transmission connected Independent Distribution Network Operators (iDNOs) notify NESO of Relevant Embedded Small Power Stations and/or Relevant Embedded Medium Power Stations which meet the Gate 2 criteria and, subsequently, the DNOs and transmission connected iDNOs receives the connection date for those connections.

As part of the final recommendations that the ESO previously published on 5 December 2023, NESO noted some areas that they would ideally include but which do not meet the MVP[6] threshold (for inclusion in this modification). These may be taken up as part of future CUSC Modifications.

Why change?

Please note that in the previously published ESO Connections Reform Consultation (pages 73 to 78), the ESO set out the benefits in more detail, but in summary:

Overall, the broader connection reform proposals (of which this code modification is a part) have three main benefits as follows:

- Quicker connections for projects that are in a better position to progress to connection.
- A more coordinated and efficient network design for connections that delivers benefits for customers and consumers, since allocating capacity more efficiently to projects that are most ready to proceed and studying connection applications in batches should lead to lower overall costs[7].
- A process which helps to efficiently deliver Net Zero by delivering timely connections dates.

Of the options the ESO previously considered prior to making final recommendations, the broader TMO4+ approach has:

- The opportunity for a first-ready, first-connected connection process (with the potential for the addition of 'first needed' in future if and when required); and the overall opportunity for earlier/more efficient connection dates.
- More efficient and coordinated future planning of the network, with the benefits further enhanced with the proposed future introduction of the Clean Power Plan 2030 (CP30), Strategic Spatial Energy Plan (SSEP) and Centralised Strategic Network Plan (CSNP). The

[6] See Section "4.5 MVP and Final Recommendation Firmness" on pages 52-54.

[7] The previously published ESO consultation (page 73) notes that the Holistic Network Design process is expected to lead to overall net consumer savings of approximately £5.5 billion when compared to an optimised radial design and expect similar benefit (although difficult to quantify) for the ESO's proposed reformed connections process.

Proposer believes the proposed solutions can be materially aligned with the plans for CP30, CSNP and SSEP and as such can deliver increased benefits for customers and consumers.

- An ability to build network assets more efficiently in anticipation of need as the batched assessment of connection applications under the proposed approach would also allow efficient inclusion of anticipatory investment in network design.
- Better facilitation of competition, innovation and introduction of non-build solutions e.g., a coordinated design helps introduce innovation into network designs by facilitating competition in the design and delivery of infrastructure related to connections - as planning in advance should provide clear scope and time for competitive tenders.
- Future-proofed design to align with other programmes e.g., the Proposer believes the proposed solutions (including the use of new proposed three Methodologies) are future proof for the likely development and use of CP30 and the SSEP, most specifically with regards the use of application windows and the introduction of strategic coordinated network designs for connections.

What is the solution?

Proposer's solution

To help you navigate the document, the various building blocks of the '*Proposer's solution*' have been broken down into 18 distinct parts (number 1-18) which are then referred to, as 'Elements', in the following '*Workgroup considerations*' part of this document. Some 'Elements' referred to have now been de-scoped from the Proposer's solution, however we have kept the 'Element' numbers in line with what was consulted on at Workgroup Consultation stage.

Element 1. Proposed Authority approved Methodologies and NESO Guidance

There are three areas within the Proposal where the Proposer intends to codify a very high-level concept but then have the associated detail in three proposed new Methodologies. These are:

- Gate 2 Criteria Methodology;
- Project Designation Methodology; and
- Connections Network Design Methodology (CNDM)

The Proposer intends to consult on each of these three new Methodologies in due course and they are also subject to a NESO and TOs Licence Change. Further information can be found in Ofgem's September 2024 open letter on the reformed regulatory framework on connections, including their intention to consult on new and modified licence conditions to enable the implementation of a TMO4+ connections process, including the three new Methodologies proposed above.

With this solution it is also intended to utilise NESO produced Guidance to support NESO's and industry understanding of parts of the CUSC. NESO expects to publish the following Guidance documents (subject to change and not required by the CUSC in all cases):

- Significant Modification Application Guidance;
- Material Technology Change Guidance; and
- Letter of Authority[8] Guidance and Queue Management Guidance[9] (as is currently the case, but as amended/expanded as a result of these proposals e.g., in respect of the Gate 2 Criteria).

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

This element covers the items which were originally proposed within Element 2, 6 and 12, which have now been combined as a single element.

The Proposer intends to implement a new connections process, noting it is not a complete replacement as the existing process may remain applicable e.g., for some Modification Applications. This new process is based on a bi-annual (which for the avoidance of doubt is intended to be six-monthly) application window with two formal gates. The proposed new connections process will apply to all relevant applications (see Element 3 below in respect of what is required to apply through the new Primary Process) received after the new process implementation date.

Under this Primary Process, there will be a combined Gate 1 and Gate 2 Process. This means that an application can be submitted in this process for either the optional Gate 1 process or the mandatory Gate 2 process, if and when the Gate 2 criteria has been achieved). Projects which go through the optional Gate 1 process will need to subsequently go through the mandatory Gate 2 process (if they want a confirmed connection point and connection date). The high-level timescales associated with the first and subsequent runs of this new process may be set out within Transmission Licence and will be published by NESO from time-to-time in a timetable setting out the gated process timescales. However, an indicative high-level process map (subject to changes to licence and the STC) can be found in **Annex 4**.

The optional Gate 1 process and associated offer/agreement will provide any applicants with (i) an indicative capacity, (ii) indicative connection date and (iii) indicative connection point. However, no queue position will be allocated, nor will there be a requirement for the project to provide User Commitment/Final Sums or to meet Queue Management Milestones (as there will not yet be a confirmed connection date or connection point at Gate 1 – these will be provided in the Gate 2 offer as described below). Application window entry requirements leading up to Gate 1 will be as per the current CUSC requirements (but with the introduction of an equivalent Letter of Authority requirement for all offshore projects, as described in the 'offshore projects' section in Element 5 below). The Gate 1 offer will contain a fully detailed contract for all relevant Agreements, with the relevant clauses inserted but with a 'conditional clause' and the Appendices not being fully populated until the Gate 2

[8] Which was introduced into the CUSC with CMP427.

[9] As introduced by CMP376.

offer stage[10]. Please note that Connection Point and Capacity Reservation could be utilised by NESO in certain circumstances in relation to applications within the Gate 1 process – please see Element 10 for further information.

Developers (including via the relevant DNO or transmission connected iDNO in the case of Relevant Embedded Small and Medium Power Stations) should only submit a Gate 2 Application to NESO once they have met the Gate 2 criteria.

Therefore, once the Gate 2 criteria have been met, an applicant within the Gate 2 process will be given a project specific queue position. This will consist of (i) a confirmed connection date, (ii) a confirmed connection point, (iii) confirmed capacity, (iv) the User Commitment/Final Sums, and (v) Queue Management Milestones. The intention is that a specific queue position for a developer will be determined in accordance with the proposed three new Methodologies set out within Element 1.

Projects that are related to either a Relevant Embedded Small or a Medium Power Station will need to notify their DNO / transmission connected iDNO once they have met the Gate 2 criteria. The Distribution connection offer a project has with the DNO or transmission connected iDNO, will have to be accepted, by the project developer, before the DNO or transmission connected iDNO submits, to NESO, a Gate 2 application on behalf of the Embedded Generator's project.

If the DNO / transmission connected iDNO agrees that the Relevant Embedded Small/Medium Power Station has met the Gate 2 criteria before the application submission deadline within a Gated Application Window, the DNO / transmission connected iDNO should include the Relevant Embedded Small or Medium Power Station in their Gate 2 application for that Gated Application Window to NESO, which will be assessed within the relevant Gate 2 tranche. For a Relevant Embedded Small/Medium Power Station applying for a Bilateral Embedded Generation Agreement (BEGA) at Gate 2, this can be applied for throughout the year, but the DNO/transmission connected iDNO will still need to submit a Gate 2 application in the Gated Application Window to NESO. The DNO/transmission connected iDNO will need to agree that the Generator has met the Gate 2 criteria.

Up to 5 Business Days following the closure of the Gated Application submission window, within the Gated Application Window DNOs and Transmission Connected iDNOs will as a minimum be required to submit the basic information required for the creation of Construction Planning Assumptions (CPA). Up to a maximum of 15 Business Days after the closure of the Gated Application submission window, within the Gated Application Window, DNOs and transmission connected iDNOs will be required to submit their fully completed Gate 2 application including Data Registration Code (DRC)/technical data and the Gate 2 evidence. This recognises that DNOs and transmission connected iDNOs are required to produce additional information as part of their application to NESO for Relevant Embedded Small/Medium Power Station applications.

Projects that are related to a Large Embedded Generator can apply for a BEGA/BELLA (Bilateral Exemptible Large Licence Exempt Generator Agreement) Gate 2 offer throughout the year, but the

[10] It could be possible to agree to further populate additional Reservation (see Element 10) specific connection agreement appendix information on a case-by-case basis (when the Gate 1 agreement is offered to the developer) if aspects (e.g., site-specific technical information) were essential to project development in the case of Gate 1 Projects with Reservation.

DNO/transmission connected iDNO will still need to submit a Modification Application in the Gated application window. NESO will verify that the Generator has met the Gate 2 criteria as part of the processing of the BEGA/BELLA application. The Distribution connection offer a project has with the DNO or transmission connected iDNO, will have to be accepted, by the developer, before the DNO or transmission connected iDNO submits, to the NESO, a Modification Application on behalf of that customer's project.

If a Large Embedded Generator wants to receive a Gate 1 offer prior to having met the Gate 2 criteria, it must submit the BEGA/BELLA application to NESO in the application window, but no modification application is needed from the DNO/transmission connected iDNO. The Large Embedded Generator will receive a Gate 1 offer from NESO based on their BEGA/BELLA application. The Distribution connection offer the Large Embedded Generator has with the DNO or transmission connected iDNO, will have to be accepted before the BEGA/BELLA Application is submitted to NESO.

All projects that meet the Gate 2 criteria and submit an application in a Gated Application Window will receive a Gate 2 offer (and for Relevant Embedded Small/Medium Power Stations, the DNO / transmission connected iDNO will receive the Gate 2 offer - from NESO - who will reflect the terms of that offer in their agreements with their customers, as they do today).

The Gate 2 offer will contain, amongst other things:

- A confirmed connection date and connection point, but with contractual reopeners as they exist today in relation to confirmed connection dates and connection points e.g., being subject to TO consenting and delivery of reinforcement works, etc.
- The suite of Appendices for any applicable Agreements will then be populated including listing relevant reinforcement works for their project (and listing those reinforcement works which are securable). As such those projects will become liable for the appropriate Cancellation Charges/Final Sums and will be required to provide security from point of acceptance of their Gate 2 offer.
- A requirement to comply with the (to be revised, as below in Element 11) relevant Queue Management Milestones.

As part of that Gate 2 application, a developer could also request interim non-firm access (and/or a design variation), per existing arrangements.

The relevant registers will be updated in respect of indicating Gate 1 and Gate 2 projects.

Element 3. Clarifying which projects go through the Primary Process

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

Terminology:

Connected:	Where the project (in full or in part) is Energised.
Contracted:	An accepted offer for a project, but where the project is not yet Connected.
New:	A new application for a project, which is independent of any Contracted or Connected project(s).

Connectee Type	CMP434

• Directly Connected Generation
• Directly Connected Interconnectors and Offshore Hybrid Assets
• Directly Connected Demand
• Large Embedded Generators
  • Whether a BELLA or a BEGA (via the NESO)
  • Whether embedded within in a DNO or an iDNO network
• Relevant Small and Medium Embedded Generators
  • Via DNOs/iDNOs and included in NESO/DNO (or NESO/iDNO) contracts (e.g. Appendix G)
  • Includes such projects opting for a BEGA (via the NESO)
	New

'Significant' Modification Applications	Contracted and Connected

Notes:

- *Embedded Demand is not in scope of CMP434.*
- *The requirements do not apply to the construction of new transmission assets. For example, if a Directly Connected Generation customer triggers a new transmission substation, then the CMP434 Gate 2 criteria requirements only apply to the land related to the generation site and not, for example, to the land related to the new transmission substation, or other transmission infrastructure, including cables or overhead lines from the generation site.*
- *Directly Connected Generation includes Storage and 0MW Connections, such as Sync Comps.*
- *Where NESO receives a BEGA/BELLA application, the requirement to notify the DNO/transmission connected iDNO will apply.*
- *BEGA and BELLA applications for a Gate 2 offer can be submitted to NESO outside of an application window (as is described in Element 2 above). Once the corresponding DNO/transmission connected iDNO modification application has been received in an application window, they can both be processed within that Gate 2 Process. Large Embedded Generators submitting a BEGA and BELLA application for a Gate 1 offer will have to apply in an application window. A corresponding DNO/transmission connected iDNO modification application will not be required for a Gate 1 offer.*

Element 4. Significant Modification Applications

It is proposed to codify the concept of a 'Significant Modification Application' by defining a type of Modification Application related to Gate 2 Agreements (and Gate 1 Agreements including connection point and/or capacity reservation, as set out in Element 10 below) which should observe the primary process, as set out in Element 3 above. It is also proposed that NESO will produce a new Guidance document highlighting the criteria for such Agreements that would need to be requested through the gated process.

Element 5. Clarifying any Primary Process differences for customer groups

Large Embedded Generators requesting a Gate 1 offer

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

The Distribution connection offer the Large Embedded Generator has with the DNO or transmission connected iDNO, will have to be accepted, by the developer, before the BEGA/BELLA Application is submitted to NESO.

Large Embedded Generators requesting a Gate 2 offer

A Large Embedded Generator can submit a BEGA/BELLA for a Gate 2 offer at any time throughout the year (evidence that they have met Gate 2 will need to be submitted to NESO) and, if that occurs, then NESO will send a modification notice to the DNO/transmission connected iDNO. NESO will need a supporting DNO/transmission connected iDNO Modification Application to be received in the Gated Application Window with the additional information needed to enable the BEGA/BELLA application to be processed by NESO and TOs (as is the same requirement as for applications today).

If both applications are deemed competent, the BEGA/BELLA applicant can progress into the Gate 2 design process.

An embedded customer's project will have to meet the Gate 2 criteria to go into the Gate 2 Application process; the Distribution connection offer a project has with the DNO or transmission connected iDNO, will have to be accepted, by the developer, before the DNO or transmission connected iDNO submits, to NESO, a Modification Application on behalf of that customer's project.

Relevant Embedded Small/Medium Power Stations requesting a BEGA

BEGA applications can only be submitted for a Gate 2 offer. They can be made to NESO at any time of the year and are no longer tied to an application window. Where NESO receives a BEGA application, NESO will notify the DNO/transmission connected iDNO that a BEGA application has been received.

The embedded customer must go through the Gate 2 process via their DNO/transmission connected iDNO. The DNO/transmission connected iDNO Gate 2 application (Evaluation Application) must be received in a Gated Application window.

Up to 5 Business Days following the closure of the gated application submission window, within a Gated Application window, for Relevant Embedded Small/Medium Power Stations, DNOs and transmission connected iDNOs will, as a minimum, be required to submit the basic information required for the creation of Construction Planning Assumptions. Up to a maximum of 15 Business Days after the closure of the Gate 2 application submission deadline within a Gated Application window, DNOs and transmission connected iDNOs will be required to submit their fully completed Gate 2 application including DRC/technical data and the Gate 2 evidence. This recognises that DNOs

and transmission connected iDNOs are required to produce additional information as part of their application to NESO.

Once both applications have been received by NESO and are deemed competent, the BEGA application shall progress into the Gate 2 design process.

Relevant Embedded Small/Medium Power Stations

Relevant Embedded Small/Medium Stations do not go through a Gate 1 process. Outside of the CMP434 code modification, the submission of a forecast of Small/Medium Embedded Generation (EG) will instead be developed under Grid Code modification GC0139 which has an implementation date post CMP434 implementation. Element 12 provides further detail on the general arrangements of this customer group in relation to Gate 2.

Projects that are related to either a Relevant Embedded Small or a Medium Power Station will need to notify their DNO / transmission connected iDNO once they have met the Gate 2 criteria. If the DNO / transmission connected iDNO agrees that they have met the Gate 2 criteria and the project has accepted the DNO/transmission contracted iDNO offer, then the DNO / transmission connected iDNO should submit a Gate 2 application in the next Gated application window to NESO, which will be assessed within the relevant Gate 2 tranche, as above.

The DNO/transmission connected iDNO Gate 2 application must be received in a Gated Application window. Up to 5 Business Days following the closure of the gated application submission window, within a Gated Application window, DNOs and transmission connected iDNOs will, as a minimum, be required to submit the basic information required for the creation of Construction Planning Assumptions. Up to a maximum of 15 Business Days after the closure of the gated application submission window, within a Gated Application window, DNOs and transmission connected iDNOs will be required to submit, to NESO, their fully completed Gate 2 application including DRC/technical data and the Gate 2 evidence. This recognises that DNOs and transmission connected iDNOs are required to produce additional information as part of their application to NESO.

Offshore Projects

Offshore projects will need a Letter of Authority (LoA) offshore equivalent (referred to as a '*Letter of Acknowledgement*') from The Crown Estate (TCE) and/or Crown Estate Scotland (CES) (as relevant) for their project in order to submit a Gate 1 application to NESO. In respect of Interconnectors, Offshore Hybrid Assets[11] (OHAs) and Non-GB assets (i.e. generation or storage assets which are located outside of GB / GB Waters and which are not Interconnectors or Offshore Hybrid Assets (OHAs)) connecting to the GB transmission system, it is proposed for this to be for the offshore cabling (i.e. The Crown Estate and/or Crown Estate Scotland awareness of the project and there being a potential route to a seabed lease for it rather than specifying a defined cable route). (As a result the Guidance introduced by CMP427 will need to be updated to set out the equivalent arrangements and NESO will undertake that change prior to this proposal being implemented.)

[11] When referring to offshore hybrid assets throughout this document it refers to the 'interconnector' and/or 'offshore transmission' aspects of the offshore hybrid asset and not to an offshore wind farm.

In relation to meeting the Gate 2 criteria, arrangements will be set out in the Gate 2 Criteria Methodology (as described within Element 11).

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

No longer a distinct element. The relevant aspects of the Proposal previously set out within Element 6 have been subsumed into Element 2 (and aspects are also included in Element 4).

Element 7. Fast Track Disagreement Resolution Process

No longer a distinct element. It is no longer proposed to introduce a new and formal fast track disagreement resolution process as part of this Proposal. For the avoidance of doubt, any existing dispute and/or determination routes, as set out either in statute or the CUSC, are unchanged by this Proposal and would be applicable to the relevant aspects of this Proposal.

Element 8. Longstop Date for Gate 1 Agreements

It is no longer proposed to introduce a longstop date for Gate 1 Agreements.

Element 9. Project Designation

It is proposed to create a Methodology (proposed to be approved by the Authority), to be known as the 'Project Designation Methodology' that would enable NESO to designate specific projects.

Element 10. Connection Point and Capacity Reservation

Currently in limited circumstances it is possible for NESO to reserve substation bays, through the investment planning processes, for allocation (of those bays) to specific projects applying for connection in the future. It is currently only utilised by NESO via the Network Services Procurement (previously referred to as Pathfinders) processes that it runs. It is proposed to extend the existing bay reservation process by introducing and codifying a project specific reservation process, distinct from the existing bay reservation process.

The reason for this extension of the current scope is to avoid scenarios where connection points and capacity, which NESO would otherwise require for a specific purpose, are allocated to projects which have met the Gate 2 criteria within the Gate 2 process.

The Proposal is to extend the ability for NESO to reserve elements of the transmission network for the exclusive use by projects in advance of their progress to Gate 2 (at the discretion of NESO). The right to do this will be described within the CUSC, and the process for NESO (and TOs, at the request of NESO) to reserve the elements of the network for specific projects will be described within the STC. Reservation for specific projects would only be progressed where those projects wish to benefit from Reservation.

This 'Reservation' concept could therefore (amongst other reasons) be used to avoid a circularity where Interconnectors and Offshore Hybrid Assets are unable to reasonably meet the Gate 2 criteria

until they have a confirmed connection site (more so than any other project type, due to the nature of Interconnectors and Offshore Hybrid Assets 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 (e.g., an Interconnector or Offshore Hybrid Assets, or directly connected or large embedded projects), NESO 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.

Please note that the Proposer will consider the use (by NESO, at their discretion) of the 'Reservation' process for other applications / requirements (other than set out in the examples in the above paragraph, including potentially in relation to Relevant Embedded Small and Medium Power Stations in general via the STC) where such reservation would protect the integrity of any broader overall co-ordinated network design.

For the avoidance of doubt, this NESO Reservation process is not intended to be used to reserve capacity on the Distribution System.

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[12]**

It is proposed to create a Methodology (proposed to be approved by the Authority) to be known as the 'Gate 2 Criteria Methodology' that would enable the introduction of the Gate 2 criteria.

For the avoidance of doubt, the Proposer anticipates that the amended queue management milestones remain codified, with the consequential updating of NESOs Guidance document related to Queue Management (as introduced by CMP376). Ongoing compliance obligations, for developers, in relation to red line boundaries are proposed to be codified. The Proposer considers that associated changes to align Queue Management for Distribution connecting projects will be led by the Electricity Networks Association (ENA) and, as such, these are outside the scope of this code modification.

11.1 Gate 2 Criteria

The Proposer intends that the criteria that projects need to achieve in order to meet Gate 2 will be set out in the proposed new Gate 2 Criteria Methodology, as above, which it is intended to be separately approved by the Authority.

11.2 Gate 2 – Ongoing Compliance

Once a project is within Gate 2 (i.e., once the developer has accepted and signed a Gate 2 offer):

- There will be ongoing land requirements for that project (on the developer); and

[12] CUSC Section 16 - see CUSC Section 16.3, which provides detail on the Queue Management Milestones.

- There will be a requirement (on the developer) to submit the project's application for planning consent at the earlier of:
    - The Queue Management Milestone M1 (M1) calculated back from the connection date (as per current CMP376 arrangements); or
    - M1 calculated forward (based on a standard time period for each planning type) to move from the issuing of the Gate 2 offer to M1.

The Proposer intends that the above change to the requirements for Transmission Queue Management Milestone M1 will be codified in CUSC. The above ongoing compliance requirements do not directly apply to Small and Medium Embedded Generation (EG) where DNO queue milestones are in use to manage embedded generators and any associated changes for Distribution will be led by the ENA and sit outside of this modification. For the avoidance of doubt Embedded Power Stations' queue management milestones will continue to be managed by DNOs or Transmission Connected iDNOs.

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

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 for their project (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 (to be known as 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 for a project post achievement of Gate 2 will have to meet criteria which would be specified in the code (to an appropriate extent i.e., to set out the associated change threshold) unless specified otherwise in the Gate 2 Criteria Methodology.

The Proposer's proposal for red line boundary compliance (which is intended to be housed in the code, to an appropriate extent; i.e. to set out the associated change threshold) is that at each Queue Management Milestone, the developer has sufficient acreage for a project (calculated using the Energy Density Table as defined under CMP427 and contained in the previously published ESO Guidance document on Letter of Authority, as updated to include offshore projects) of land rights for the full capacity (i.e. installed capacity) of all technologies set out in the project's Connection Agreement.

NESO will use the proposed rights under the CUSC to remove and/or reduce the contractual right to have the intended installed capacity (and potentially TEC) of one or more of those technologies (to the extent necessary) for that developer's project where any installed capacity is located outside of the original red line boundary and this is greater than that permitted through these proposed ongoing compliance requirements.

To elaborate, where a developer builds any installed capacity outside of their project's 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 TEC, 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 of a project is built within the original red line boundary, only 50%[13] of that number can then be located outside of the original red line boundary unless NESO discretion is applied. This discretion could be applied in circumstances where a developer can suitably evidence, to NESO, that applying this threshold has a detrimental impact on normal project development and in circumstances which could not have reasonably been avoided. Where this calculation results in a number that is less than the total contracted TEC, the total contracted TEC 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.

If the overall contracted capacity (TEC) needs to be reduced (e.g., as per Example 1 above) then NESO would use the proposed capacity reduction rights under the CUSC to reduce TEC to the lower

[13] By way of example, this is broadly consistent with the methodology currently applied by National Grid Electricity Distribution (NGED) (NGED allows a 50% increase in project's Red Line Boundary).

value and the developer would also be liable to pay a Cancellation Charge e.g., if the TEC reduction resulted in abortive works.

11.4 Ongoing Gate 2 Compliance – Planning

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 the Gate 2 Offer issuing date (as is proposed) the Proposer believes this provides an appropriate incentive for projects to progress from Gate 2 towards connection. Note that the evidence requirement for Queue Management Milestone (M1), as set out in the Queue Management Guidance, is the project's Planning application reference number (that is provided to the developer once they have submitted their Planning application and it has been validated by the relevant Statutory Authority).

There will therefore be a requirement, with this proposal, for developers to submit the project's Planning application for planning consent (M1) (unless this Queue Management Milestone has already been met) at the earliest of:

i. The Queue Management Milestone M1 ("M1") calculated back from the connection date (as per current CMP376 arrangements); or

ii. M1 calculated forward (based on a standard time period for each planning type) to move from issue of the Gate 2 Offer to M1.

The Proposal is set out as follows. For the avoidance of doubt, where a specific technology type is referenced, the timescale associated with that technology type will take precedence over the planning type timescale.

Planning Type	Timescale
Town and Country Planning (England, Scotland and Wales)	2 years
Section 36 (England/Scotland)	3 years
Development of National Significance (Wales)	3 years
NSIP / DCO (England and Wales)	3 years
Offshore (including Offshore Wind, Interconnectors and OHAs)	5 years
Nuclear	Case-by-Case[14]
Novel technologies	Case-by-Case[15]

Note:

- Associated changes to align Queue Management for Distribution connecting projects will be led by the ENA and sits outside of this code modification.

[14] For the avoidance of doubt, the Proposer does not intend that this is published.

[15] For the avoidance of doubt, the Proposer does not intend that this is published.

To mitigate the risk of a developer having to submit their project's application for planning objectively too early in their development cycle, the Proposer intends to introduce discretional milestone adjustment ability for NESO e.g., where a developer asks for an earlier connection date and gets a later connection date, or where a developer 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

No longer a distinct element. The relevant aspects of the Proposal previously set out within Element 12 have been subsumed into Element 2.

Element 13. Gate 2 Criteria Evidence Assessment

It is proposed to create a Methodology (proposed to be approved by the Authority), to be known as the 'Gate 2 Criteria Methodology' that would enable the introduction of an evidence provision and assessment process. The Proposer intends that a developer will need to provide a Declaration (that their project has met the Gate 2 criteria[16], with supporting evidence, including the original red line boundary of that project, as per Element 11 above) to NESO (or, in respect of Relevant Small and Medium Embedded Power Stations, to the DNO or transmission connected iDNO) as part of their Gate 2 Application within the Gate 2 Process. DNOs or Transmission connected iDNOs will need to submit to NESO a copy of the Declaration(s) and project's original red line boundary provided to them in respect of Relevant Small and Medium Embedded Power Stations.

Where an Embedded Small or Medium Power Station also holds a BEGA, the checks, for each project, are proposed to be undertaken by the DNO or Transmission connected iDNO and not NESO, whereas for a Large Embedded Generator, the checks are proposed to be undertaken by NESO, not the DNO or transmission connected iDNO.

The Proposer intends that a template will be created to facilitate this process, and this will be mirrored across Transmission and Distribution and there will be accompanying Guidance, produced by NESO for that purpose. This template will be set out within the proposed new Gate 2 Criteria Methodology.

NESO and/or DNO/Transmission connected iDNOs will have the right to check up to 100% of all the projects' statements / evidence set out in the Readiness Declarations, and they will use reasonable endeavours to check 100%, unless a lower percentage is set out in future updates to the proposed new Gate 2 Criteria Methodology. After the conclusion of each process, NESO will publish the percentage of such checks which were undertaken.

NESO will also check 100% of the evidence provided by all developers of their projects secured land rights for duplication checks. Specifically, this will examine the extent to which the original red line boundary for Gate 2 applications overlaps with the original red line boundaries for any other project(s) applying in the same Gate 2 application window (or those already with a Gate 2 contract in place).

In respect of the evidence checking responsibilities, it is intended that NESO will check the evidence of secured land rights for all directly connected and large embedded projects. It is also intended that DNOs, and Transmission connected iDNOs will check the evidence of secured land rights for Relevant Embedded Small and Medium Power Stations. In addition, NESO will also conduct the duplication

[16] As set out in the proposed new Gate 2 Criteria Methodology.

land rights checks for all projects applying for Gate 2 (including Relevant Small and Medium embedded projects). These checks will be undertaken, by NESO, prior to the provision of Gate 2 Offers i.e., they will not need to be done as part of the application competency stage of the process and the project's Declaration will be relied upon in respect of the entry into a Gate 2 process.

Where a statement and/or evidence is in question, NESO and/or the DNO or Transmission connected iDNO (as appropriate, depending on who the statement and/or evidence has been provided to) will contact the applicant to gather further information. Where a duplicate is identified, queries will be raised by NESO with the relevant applicants (for small and medium embedded this is likely to be via the DNO and/or Transmission connected iDNO, as appropriate) in an attempt to understand the context of why this is the case for these projects. However, if NESO (or the DNO or Transmission connected iDNO, as appropriate) is not satisfied with the position, (including, in respect of NESO duplication land rights checks, that the overlapping boundaries will be able to accommodate the development of the projects), the applicant(s) 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 proposed new Gate 2 Criteria Methodology.

Element 14. Gate 2 Offer and Project Site Location Change

Gate 2 Offer and Project Site Location Change arrangements (whereby a developer would not be required to comply with the project's original red line boundary change restrictions and be allowed to move the project site location without losing their confirmed connection site and connection date, but only for a limited period after receiving their Gate 2 Offer) are no longer part of the proposed solution.

Element 15. Changing the offer and acceptance timescales to align with the Primary Process timescales (e.g., a move away from three months for making licenced offers)

The Proposer's view is that there will need to be a change to the current licenced application and offer timescales to align with the proposed Primary Process (e.g., a move away from applying at any time and the three months for the making of licenced offers).[17]

As the scope (as set out in Element 3) of the primary process does not cover all existing licenced offers, it is the Proposer's view that the above licence changes will need to be in addition to the existing licenced application and offer timescales and not a full replacement.

Arrangements will also need to be included in relation to the proposed three new Methodologies that are planned to be introduced as described further in Element 1 above. This will also require NESO (and potentially TO) licence changes, which are expected to be consulted upon by Ofgem in due course ahead of the implementation date of this proposal (which, at the time of publication of this document, is anticipated to be Q2 2025).

[17] More indicative detail on the Gate 1 and Gate 2 Process timescales are set out in Annex 4.

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

It is proposed to create a Methodology (proposed to be approved by the Authority) to be known as the 'Connections Network Design Methodology' or 'CNDM', that would enable NESO (and TOs) to undertake connections network design. As a consequence of the introduction of the proposed new CNDM, the existing Interactivity Guidance Policy (and the concept of Interactivity within the code) will no longer be required within the CUSC.

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 aligned to the Gate 1 Application Window

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

Element 18. Set out the process for how DNOs and transmission connected iDNOs notify NESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2 criteria

The process for how DNOs and transmission connected iDNOs notify NESO of Relevant Embedded Small/Medium Power Stations which meet the Gate 2 criteria is largely based around the Project Progression process as it is today.

It is proposed that DNOs and transmission connected iDNOs will utilise a process similar to the existing Project Progression[18] process to submit a Gate 2 Application (titled Transmission Evaluation Application) to NESO on behalf of their embedded customers. The application can contain multiple Embedded Generator projects or one submission per Embedded Generator project, noting that there is a different approach used across GB DNOs today where applications for an evaluation of a Transmission Impact Assessment (TIA) may/may not be batched.

DNOs and transmission connected iDNOs will submit a completed Transmission Evaluation Application, Embedded Generators Declaration form, the associated original red line boundary information and Data Registration Code data[19] to NESO within the Gated Application Window. As is today, there will be an application fee to be paid by the DNO or transmission connected iDNO to NESO for the Gate 2 application.

An embedded customer's project will have to meet the Gate 2 criteria to go into the Gate 2 Application process; the Distribution connection offer a project has with the DNO or transmission connected

[18] Like today, projects under the lower limit Transmission Impact Assessment (TIA) thresholds will not have to go through any Gate 2 process.

Current lower limit TIA is E&W 1MW, Scotland South 200kW and Scotland North 200kW, with the lower threshold at 50kW on the islands within its area.

[19] It is expected that the same DRC/technical data is required as per the existing process for Project Progression.

iDNO, will have to be accepted, by the project, before the DNO or transmission connected iDNO submits a Gate 2 application, to NESO, on behalf of that customer's project.

When an embedded customer's project provides the evidence to the DNO/transmission connected iDNO, they will assess if an embedded customer's project has met the Gate 2 criteria on behalf of NESO. If the project has met the relevant criteria, then the DNO or transmission connected iDNO will include that project in the next available Gated Application Window, notifying NESO via the Gate 2 application process of the date that project met the Gate 2 criteria.

Up to 5 Business Days following the closure of the gated application submission window, within a Gated Application Window, DNOs and Transmission Connected iDNOs will be required to submit to NESO, the minimum basic information required for the creation of Construction Planning Assumptions. Up to a maximum of 15 Business Days after the closure of the Gate 2 application submission window within the Gated Application Window, DNOs and transmission connected iDNOs will be required to submit, to NESO, their fully completed Gate 2 application including DRC/technical data and the Gate 2 evidence. This recognises that DNOs and transmission connected iDNOs are required to produce additional information as part of their application to NESO.

For clarity, the process for a DNO/transmission connected iDNO to request an Appendix G (referred to in CUSC as the Transmission Impact Assessment) will remain a modification application submission and the submission of this, is not part of the Gated process.

Gate 2 Offer Process (Relevant EG)

It is proposed that the Gate 2 offer process for DNOs and transmission connected iDNOs will be based around the current offer process. In this proposal, a Transmission Evaluation Application will be introduced to a Gate 2 application and the three onshore TOs will, respectively, produce a Transmission Owner Construction Offer (TOCO) for the Transmission Evaluation Application received from the DNO or transmission connected iDNO, as they do now, which is sent to NESO.

NESO would then update the necessary contract appendices (including where the contract has an existing Appendix G) and NESO will prepare the offer which is issued to the DNO or transmission connected iDNO.

The DNO or transmission connected iDNO will still have three months to query the offer with NESO and to sign their contract as they do now. The countersigning of documents between the DNO / transmission connected iDNO, TO and NESO will remain as they are now, as will the DNO transmission connected/iDNO embedded customer arrangements.

The DNO/transmission connected iDNO will be provided, by NESO, with a confirmed connection date (from a Transmission perspective), full works and costs, including securities, as the outcome of the Gate 2 offer process.

Workgroup considerations

The Workgroup convened 36 times to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions and assess the proposals (the Original and the WACMs) in terms of the Applicable Objectives.

Workgroup Consultation summary

The Workgroup held their Workgroup Consultation between 25 July 2024 – 06 August 2024 and received 82 non-confidential responses and 4 confidential responses. The full non-confidential responses and a summary of the 82 non-confidential responses can be found in **Annexes 6** and **7**. The key general points are summarised below, however points relating specifically to the elements of the Proposer's solution can be found under the relevant element subheading.

- The following numbers of respondents indicated that the Proposer's solution better facilitated the Applicable Objectives than the Baseline: 48 for (a), 47 for (b), 14 for (c) and 38 for (d). Two responses were from industry bodies, who noted that their members had opposing views on whether objectives (b) and (d) would be better facilitated by the Proposer's solution.

- 40 respondents agreed with the implementation approach, whilst 33 disagreed. One respondent both agreed and disagreed with the implementation approach. Concerns included the lack of impact assessment for the Proposal, the level of codification being proposed, and the short timescales between the Authority decision date and the planned Go-Live date. As a result of concerns raised within the Workgroup Consultation, NESO agreed to propose to change the planned Go-Live date, and to build in additional Workgroup discussion time within an extended timeline.

- Several respondents believed that not all elements of the solution were required for MVP.

- A large number of respondents noted that developers should have the option to either apply for Gate 1 and Gate 2 simultaneously or have Gate 1 as an optional part of the process, with concerns raised about the limited frequency of application windows.

- Numerous concerns were raised by respondents regarding having the three planned Methodologies alongside (but outside) the codes.

Consideration of the Proposer's solution

The Workgroup discussion has been organised in this document to relate to the 'Elements' within the Proposer's solution (see above). Within the section for each Element, it covers the discussions prior to the Workgroup Consultation, a summary of the Workgroup Consultation relating to that Element, and discussions or actions taken following the Workgroup Consultation. Any Elements removed from the Proposer's solution following the Workgroup Consultation and discussions can be found in the section below, titled 'Consideration of options which are no longer part of the Proposal'.

Much of the Workgroup discussion prior to Workgroup Consultation covers aspects related to the CMP434 Proposal which are proposed to be covered within three new Methodologies (which, it is intended, will be approved by the Authority). The content of these three Methodologies have the potential to change as they are authored by NESO exclusively. Beyond those initial discussions these three documents were not subsequently discussed by the Workgroup and the Workgroup has not seen these three Methodologies prior to concluding its work under the urgency deadline.

Element 1: Proposed Authority approved Methodologies and NESO Guidance

The Proposer presented their initial views to the Workgroup on how they foresaw the development and approval of the three proposed, Authority-approved, Methodologies (subject to ESO licence change); namely (i) the Connections Network Design Methodology, (ii) the Gate 2 Criteria Methodology and (iii) the Project Designation Methodology.

The Workgroup expressed concerns that the proposed governance process for the three Methodologies was not appropriate, and that instead these Methodologies should be included in the CUSC as, for example, happens with the three charging Methodologies[20] today (which are held within Section 14 of the CUSC).

In response to the Proposer's argument in favour of a more flexible governance process, the Workgroup noted that, if there were any deficiencies subsequently found in the approved codified text, then CUSC modification proposals (CMP) could be progressed very quickly via the urgent modification process that already exists in the CUSC, and as has happened with previous modifications (as well as this CMP434 proposal).

When asked in the Workgroup Consultation, 36 respondents were in favour of this Element, whilst 31 disagreed. One respondent both agreed and disagreed with this element.

Several respondents agreed with Element 1, noting they did not disagree with the use of Methodologies in principle and appreciated that codification of the Methodologies will be more time consuming. Concerns were raised by other respondents regarding the lack of clear criteria and documentation provided at the time of Workgroup Consultation regarding the Methodologies and Guidance. Several respondents noted that they would like the Guidance and Methodologies to be codified for transparency, and so that they would follow a clear Governance process.

The Proposer considered the feedback from the Workgroup Consultation, however did not think that a change was necessary to their Proposal. Workgroup members requested clarity on the flexibility of the three new Methodologies and justification for their use over codification. Some Workgroup members noted they would like to see the Proposer's evidence that these Methodologies will speed up the Connections process. With the exception of some aspects of the Methodology related Elements, particularly Elements 11 and 13, prior to Workgroup Consultation, discussion of Methodologies has been limited to the limited CUSC changes that will enable the respective obligations in the Methodologies to be applicable through CUSC (though those methodology obligations are as yet unclear). Several Workgroup members have asked for legal certainty that NESO is within its powers to relying on initiating connections change through the methodology approach. The Proposer has noted that licence changes will be required to facilitate the TMO4+ approach, of which this code modification is a part, and that they are comfortable with making these Proposals.

[20] For connection charges, BSUoS charges and TNUoS charges respectively.

Element 2: Introducing annual application windows and two formal gates, which are known as Gate 1 and Gate 2

The Proposer's original intention was that the new process would involve an annual application process with two mandatory formal gate processes to be known as Gate 1 and Gate 2[21]; Gate one would occur once a year and gate two three times a year. Following the Workgroup Consultation stage this was altered by the Proposer to two simultaneous Gate One / Gate Two application points per year, as part of their broader Proposal amends. This is the proposed Primary Process for in-scope projects; and that this would be applicable to connection applications received after the planned Go-live date; i.e. forward-looking[22]. This is currently expected to occur during Q2 2025[23] They noted that the Gate 2 Criteria would be defined in a separate Methodology document that is not part of this proposal.

The Workgroup noted that as Gate 1 is not a confirmed offer (as it is only proposed to have an indicative connection point and connection date), they would be unable to make financial decisions based on such an offer. The purpose of the Gate 1 offer was also queried; however, it was confirmed by the Proposer that this Gate 1 offer/process was designed to provide an indicative connection date and point based on the project subsequently meeting the Gate 2 criteria, and that a Gate 1 application (and subsequent offer) is beneficial for network planning as NESO and the TOs can use the Gate 1 projects to plan the network.

The Workgroup queried whether the additional uncertainty clauses (which were appearing in offers issued by the ESO) will remain within the planned NESO Gate 2 offers going forward.

The Workgroup highlighted the potential for developers to sell LoAs, noting the importance of NESO undertaking duplication checks of both LoAs (which are needed for Gate 1 applications) and land rights RLB (which are needed for Gate 2 applications). The Workgroup also noted that it would be useful to have visibility of the connections queue, specifically relating to other projects which have been given contracts to connect to the same points of the transmission network. This was not taken forward, by the Proposer, within this Proposal.

The Workgroup queried how staged connections (a stage could be an increase in TEC, or additional generating units or the same or different technology, or both) will be treated and whether a connection offer could have multiple stages and multiple technologies within the offer, as the existing connections process allows different stages of a project to be treated independently within the contracted background and therefore be given different connection dates with different enabling works. The Workgroup queried if one or more stage of a connection could be given a Gate 2 offer (i.e., a firm connection date), whilst one or more stages of a connection has a Gate 1 offer (i.e., an indicative connection date). This type of connection is required when multiple generating units are sharing a Point of Connection (POC) (i.e., bay) and therefore need to be included within one connection offer, even though the development and construction of each generating unit can be progressed on a different timeline.

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[21] These are shown in Element 2.

[22] Note a separate modification, CMP435, deals with the application of the Gate 1 and Gate 2 process to existing contracted projects.

[23] On the basis that an Authority decision (to approve CMP434) is made during Q1 2025.

The Proposer confirmed that staged connections will be treated in step with the current process .The Proposer agreed that it would be inefficient for Users to remove one or more stages of a connection to allow one or more stages to progress through Gate 2, only to then add the stages back into the connection (via a Modification Application[24]) once the relevant stage had met the Gate 2 criteria, but later confirmed that this could be the outcome if all stages of a project do not meet the Gate 2 criteria under the CMP435 proposal. The Proposer confirmed that changes to any stages (including removing stages) would still require a Modification Application under CMP434 and they would be assessed using the Significant Modification Application definition and Material Technology Change policy paper, the latter of which the Proposer confirmed is not within the scope of their Proposal.

When asked in the Workgroup Consultation, 55 respondents were in favour of this Element, whilst 16 disagreed.

Many respondents agreed with the idea of formal gates and believed it was the most efficient way to administer the Primary Process, however some respondents questioned the need for a single annual Gate 1 window, with others querying if this could slow down the connections process. Several respondents recommended adopting more than one annual Gate 1 application window.

The Proposer considered the Workgroup Consultation feedback and made the following changes to their Proposal: Gate 1 will now be an optional process, the Gate 1 and Gate 2 processes have been combined with an intended 6-month frequency and 12-month duration (subject to a change to the ESO licence), and the Gate 1 offer has been decoupled from the batched design process.

Several Workgroup members queried the purpose of Gate 1, with it now being optional, querying the incentive for developers to apply for Gate 1 and querying whether it is an improvement from the existing process. One Workgroup member noted the need for a distinguishment to be made between Gate 1 offers with capacity, and those without capacity. Several Workgroup members noted their concern for only having two application windows per year, noting that this was worse than the Original Proposal (for Gate 2) and may risk making connections timescales even longer. The Proposer clarified that they had engaged with TOs when changing their Proposal, highlighting that a process with 3 application windows per year (for Gate 2) would not be compatible with their existing processes. One Workgroup member suggested shortening the Gate 1 acceptance window and amending other parts of the process timeline to speed up the process. Several Workgroup members highlighted the importance of the Gate 1 process, noting that it would be beneficial for projects with long lead times.

Elements 2, 6 and 12 have been combined into Element 2 of the Proposer's solution above. Further discussions on what was initially Elements 6 and 12 can be found in the relevant sections below.

Element 3: Clarifying which projects go through the Primary Process

The Proposer presented on what new projects would be considered to be in scope and there was Workgroup discussion which allowed the Proposer to further clarify their position. This included confirmation that the existing modification application process for existing connected sites (where those changes are not significant) would be outside of the primary process. A summary of the projects in scope can be found in the Proposer's solution above.

When asked in the Workgroup Consultation, 50 respondents were in favour of this Element, whilst 14 disagreed.

[24] Which is often referred to, within the industry, by its shortened version of 'ModApp'.

Several respondents supported the definition of projects subject to the Primary Process, suggesting it is generally acceptable practical proposal which is consistent with the intent of TMO4+ arrangements. Other respondents felt there needs to be a clear and consistent process for embedded projects to avoid perverse incentives (for instance favouring connection at either transmission or Distribution connection or other competitive distortions). One respondent also raised a concern on new Grid Supply Points (GSPs) being triggered by small or medium embedded generators; particularly those connecting via iDNOs; and suggested that all supply points triggered by generation should be treated equitably. One respondent noted that the proposed timescales will be too short for Interconnector projects.

The Proposer considered the feedback from the Workgroup Consultation and noted that they had decided to leave Element 3 unchanged. One Workgroup member noted that this element could negatively affect directly connected Demand Users, as noted in the Workgroup Consultation. The Proposer reconsidered the Workgroup Consultation responses and noted the concerns raised but advised that their plan was still to keep Directly Connected Demand within the scope of CMP434.

Element 4: Significant Modification Applications

The Proposer presented their views on which contract change requests would need to follow the Primary Process. There were several evolving aspects and discussions over multiple Workgroups in relation to the content of Element 4, prior to Element 4 being finalised by the Proposer (and reflected within the legal text for this code modification).

The Proposer initially advised that they intended to codify the concept of a '*significant change*'. A significant change is a change to the project which requires a modification application. The Proposer noted that significant change requests (via Modification Applications) received from in scope projects will only be permitted within the application windows related to the relevant process gate.

However, to support understanding of the intent of this aspect of the Proposal, the Proposer provided views on which circumstances could be considered to require a Significant Modification Application, with the Proposer providing a work in progress table summarising this. As a result, Workgroup members had several concerns in relation to this aspect of the proposal. Please note that some of these concerns (and some of the related Proposer views) relate to discussion on earlier versions of this element of the proposal. The proposal in its current form can be found within Element 4.

Workgroup members queried how system service applications interact with the Primary Process. The Proposer confirmed that if the alteration to the existing connection had no impact on power flows, on the transmission system, then this type of project would not have to go through the Primary Process (i.e., not Significant).

Workgroup members queried how changes to signed Gate 1 contracts are different to the current application process. The Proposer clarified that the proposed model allows NESO to keep track of changes to Gate 1 applications, rather than requiring a new application to be made (by allowing a modification to the existing Gate 1 application at the next relevant window). Members also queried what would happen if the project location needed to be changed for network reasons rather than economic reasons. The Proposer clarified that the same process would apply, to avoid possible gaming of the connection process. As a result of this feedback and Gate 1 becoming an optional process step, the Proposer later confirmed that changes to Gate 1 Agreements would not be considered to be significant and need to go through the gated process (unless including Reservation).

The Workgroup queried whether existing Generators would be allowed to change without applying through the Primary Process. The Proposer confirmed that this would be allowed in some circumstances i.e., where the change requested was not significant.

Workgroup members queried when connection dates would be given, in the new process, to developers and noted that they would like confirmation that applicants would not be given connection dates further in the future than their indicative Gate 1 offer. The Proposer confirmed that the connection dates offered, at Gate 2, to developers may be later than the indicative connection dates that were provided, at Gate 1, to those same developers. Another Workgroup member queried whether parties could have visibility of date changes and queue management changes.

The Workgroup queried whether changes to Appendix O and F[25] would count as minor or significant changes; the Proposer confirmed that changes could happen outside the Primary Process (i.e., not significant) if NESO obligations can be fulfilled without having to complete a new power flow study. They also clarified that minor changes would be allowed to happen outside of the Primary Process.

The Proposer noted that reasonable changes to the project site location due to normal project development would not be considered to be significant changes, but that fundamental changes to location relative to the initial requested connection point would be significant changes requiring a significant modification application. Please also note Proposals on changes to the Original Red Line Boundary, which is further discussed in Element 11 - Ongoing Compliance – Land Requirements. The Workgroup asked the Proposer to clarify how much location change would be allowed outside of a significant modification application. The Workgroup noted that changes to project site boundary may need to be clarified in respect to how England and Wales differ from Scotland. As a result of Gate 1 becoming an optional process step (as set out further above) there would no longer be any restrictions on location change between the Gate 1 and Gate 2 stage (as was originally being considered by the Proposer), unless there were Reservation.

In response to the proposal to require NESO to publish an accompanying Guidance document clarifying the interpretation of Significant Modification Applications, Workgroup members provided feedback that there should be wider industry engagement around this document to form views on the complete proposals. The Proposer stated that it will consider how to engage industry on the contents of the Guidance document to support this code change around significant changes. For the avoidance of doubt, whilst earlier 'draft thinking' was shared by the Proposer prior to Workgroup Consultation, the Workgroup did not see the finalised Guidance document.

The Proposer noted that further changes to the position noted in the proposed position for a Guidance document were required following the removal of Capacity Holding Security from the scope of this CMP434 proposal and the Proposer agreed to update the Significant Modification Application Guidance document to reflect this in the future. In the absence of further detail and / or legal text, the Workgroup did not reach a consensus on whether principle-based Guidance or an exhaustive list for significant change would be most efficient.

The Proposer clarified that the Gate 2 queue positions for applications submitted within the same Gate 2 Window are proposed to be based on the time at which the Gate 2 criteria was met by each individual project, within the respective Gate 2 batch; i.e. if Project A obtains its land on 1 July 2024

[25] Which are found in some parties CUSC related contractual agreements with NESO.

and Project B on 2 July 2024, then Project A would be placed ahead of Project B in the queue. However, it was later confirmed by the Proposer that their Proposal now intends that queue position allocation would be set out in the proposed Gate 2 Methodology and/or proposed CNDM, rather than being specified within the CUSC.

Workgroup members questioned whether a significant change would always be processed in the next Gate 2 window, or whether a significant change could ever have to go through the next Gate 1 window. The Proposer stated that "generally" it expected significant changes to be processed in the next Gate 2 window; however, they propose to retain the power for NESO to require a significant change to go through the next Gate 1 window at its (NESO) discretion. This was later changed by the Proposer and 'significant changes; no longer need to go through a Gate 1 process on a mandatory basis (as was previously being considered by the Proposer).

The Proposer discussed with the Workgroup that the intention is to codify the concept of a significant change, but they do not intend to be provide an exhaustive list of examples. The Workgroup had a discussion on what changes they thought should be allowed at each milestone, and which changes would require NESO to conduct additional system studies. The Proposer clarified that a significant change would be one which has (or may have) a considerable impact on either the design or operation of the National Energy Transmission System (NETS), or an impact on other Users of the NETS.

The Proposer also presented its proposal to introduce a new "Material Technology Change" policy, which is not part of this proposal, that would clarify when a Modification Application would be studied at the back of the queue (i.e., contracted background). Workgroup members expressed confusion on the interaction between Significant Modification Applications and Material Technology Changes, including in relation to which modification applications would be considered a Significant Change and must go back through a gated design process, and which modification applications would be considered a Material Technology Change and lead to a loss of queue position within that process.

The Workgroup noted that the term 'significant' was confusing and requested that the Proposer change the terminology regarding this. Workgroup members also noted that the term 'material effect' is already defined in the CUSC and that a different terminology should be used in relation to material impacts that determine whether a change is 'significant'. The Proposer agreed to consider this when drafting the Guidance documents and CUSC legal text for this CMP434 proposal. As a result, the Proposer stated that they had more clearly defined this in a different way in the legal text in relation to Gated Modification Applications.

The Proposer stated its intention that a Material change would only be required to be processed in the next Gate 1 (excluding TEC increases which would always be a modification application) application window if it was significant and that the Proposer deemed this appropriate. The Proposer's solution has since evolved and this is set out in Element 4. Workgroup members felt it was not clear what was being proposed in terms of impact, on the queue position, of Significant Changes; i.e. whether they would never / sometimes / always be considered a Material Change and lead to the loss of queue position.

Consideration of this potential change on new and existing generation all with consent, planning consents and land in place.

Consideration was given by the Workgroup of the effect the new arrangements may have on existing (or new users with similar consents in place), who wish to either renew, modify, or request additional transmission capacity.

Several questions and papers were submitted to the Workgroup, setting out the various reasons a modification application may be submitted which are summarised as follows:

- Plant replacement/refurbishment with no change to TEC/CEC or plant type;
- Change to TEC, CEC or plant type within the planning and Section 36 process; or
- Change to TEC, CEC or plant type when new land, planning or Section 36 consents are required.

The Workgroup were keen to understand how each of these situations would be dealt with in the proposed solution; i.e. which via the existing process and which via the Primary Process.

The Proposer outlined the intended process flow for Modification Applications requesting a technology change, including the process for determining whether the technology change request would constitute a significant change and a material change. This proposed process is applicable for Transmission connected customers only. Workgroup members questioned if the removal of technology should always be allowed, and not considered significant change. Several potential approaches were suggested by the Workgroup. Workgroup members also questioned if all technology change requests should be placed at the back of the queue (material change) to avoid confusion in the categories of Modification Applications. The Workgroup questioned if a Modification Application for a technology change post-Gate 2 could result in a changed point of connection, which may implicate land requirements.

Workgroup members also sought clarification on the queue position for Gate 2 modification applications around technology change.

Workgroup members queried if changes within a type of technology (such as changing inverters) would be a Material or Significant change. The Proposer clarified a change in type of inverters would not be a Material Change or a Significant change (unless it triggered additional reinforcement works), the intent was that any restriction on technology changes would be for changing across technology types, such as a partial or full change in technology type (e.g., wind to combined wind and solar site, or wind to solar entirely).

The starting assumption is that the same principles would apply to these situation as are faced by new developers based on the significant change criteria set out in the Proposers' solution and the 'Material Technology Change' policy being drafted. The typical situation and the anticipated route are summarised in the table below.

Plant Replacement/Refurbishment Situation	Anticipated Route
a) Plant replacement/refurbishment with no change to TEC/CEC or plant type above the £10k threshold.	Modification Application (but as no change then would not be a significant change nor potentially a Material Technology Change.
b) Change to TEC, CEC or plant type within existing planning and Section 36 process.	Primary Process if the change is significant, which depending on change could then be a Material Technology Change.

c) Change to TEC, CEC or plant type when new land planning or Section 36 consents are required.	Primary Process if the change is significant, which depending on change could then be a Material Technology Change.

The Workgroup was concerned that option (b) where plant can increase capacity in short order (a matter of days or weeks) with all permission in place is treated in an identical way to a new development that has yet to enter the planning process, i.e., as a Material Technology Change and studied at the back of the queue.

This type of plant would meet all the criteria for Gate 1 and Gate 2 but would still take a minimum of 12 months to be allocated a queue position behind many projects that had yet to formally enter the planning process. It was suggested that a Gate 2 + route may be needed for this limited set of circumstances so that any plant with all permission in place was not unduly delayed in bringing the additional capacity online.

In the normal course of business this class of User(s) are required to submit modification application(s) when there is a proposal to modify items of plant or their method of operation or request additional transmission capacity. The CUSC sets out[26] the financial threshold for submitting a modification application as £10k of potential cost being borne by the "company" (NESO/TO). Separately the Workgroup questioned the level of the existing threshold, which has not been indexed since it was introduced in the 1990's. The suggestion was as a minimum this should be raised to £35k to take account of indexation.

When asked in the Workgroup Consultation, 42 respondents were in favour of this Element, whilst 23 disagreed.

Several respondents understand and support the requirement to include Significant Modification Applications, however others were concerned over the lack of sight of the proposed Guidance documents (at the time of that consultation) and believed that what constitutes a Significant Modification Application should be codified.

Workgroup members cautioned that not allowing flexibility and restricting changes on what could be changed in a Gate 1 Agreement could lead to gaming of the connection application process through having developers submit multiple similar applications. As a result of Gate 1 becoming an optional process step, the Proposer later confirmed that changes to Gate 1 Agreements would not be considered to be significant and need to go through the gated process (unless including Reservation). As a result, their view was that this risk would be mitigated as developers could make changes to their Project between Gate 1 and Gate 2.

The Proposer considered the Workgroup Consultation feedback and as a result changed their Proposal to apply Significant Modification Applications only to Gate 2 projects although it was later

[26] In Section 11: "Material Effect – an effect causing The Company or a Relevant Transmission Licensee to effect any works or to alter the manner of operation of Transmission Plant and/or Transmission Apparatus at the Connection Site or the site of connection or a User to effect any works or to alter the manner of operation of its Plant and/or Apparatus at the Connection Site or the site of connection which in either case involves that party in expenditure of more than £10,000".

confirmed that it would also apply to Gate 1 projects with reservation under Element 10. One Workgroup member queried whether any changes could be significant enough to result in an application being terminated. The Proposer confirmed that some changes could become a Material Technology Change and if accepted, the project would not retain its contracted queue position.

Element 5: Clarifying any Primary Process differences for customer groups

The Proposer initially highlighted their intention that offshore projects would have an exception to the Primary Process, with The Crown Estate and Crown Estate Scotland having the option to apply as with any other landowner, or to continue with the developer-led process. Some Workgroup members noted that this obligation may be overly prescriptive, however it was noted that the current LoA provisions (as recently introduced into the CUSC via CMP427) do not cover offshore projects so the CMP434 provisions must be in place for offshore projects, whether a landowner or the developer is applying.

It was noted in the Workgroup that The Crown Estate and Crown Estate Scotland may need to create a feed-in study about how their processes would interact with these CMP434 processes and share this with developers.

However, as a result of the Workgroup discussions the Proposer decided to remove the option for The Crown Estate or Crown Estate Scotland to apply (and follow a different process to other CUSC parties in respect of their application) from the CMP434 proposal (as it was viewed to not be necessarily as part of the MVP proposal).

The Proposer's original solution included a Primary Process difference for Relevant Embedded Small/Medium Power Stations. This required DNOs and transmission connected iDNOs to make a DFTC submission to NESO, during the Gate 1 Application Window which would allow DNOs / transmission connected iDNOs to forecast capacity on behalf of this customer group on an anticipatory basis so that DNOs and iDNOs could continue to make connection offers to their Small / Medium customers without their customers needing to wait for an application window. Workgroup comments included that this may incentivise connection of smaller generation at DNO/iDNO level (as a project proceeds straight to Gate 2) thereby creating a new consequential distortion to the market. It was also noted that this could also risk sterilising Gate 1 capacity and that this may need to be mitigated. One Workgroup member stated their view that they did not understand how this could be the case if Gate 1 offers do not have a queue position. This part of the solution was de-scoped following the Workgroup Consultation.

Offshore Land Rights

The Proposer outlined challenges associated with offshore assets in their proposals, highlighting that they plan to extend the CMP427 Letter of Authority requirements to offshore projects in respect of entry into the Gate 1 application window, on an equivalent (to be confirmed) basis to onshore projects.

The Proposer noted that they have engaged with The Crown Estate and Crown Estate Scotland regarding what an offshore equivalent could look like in relation to an offshore generation site (and the cable for an Interconnector or OHA) and have considered a possible onshore equivalent associated with onshore convertor stations for Interconnectors and OHAs. The Proposer also advised that Interconnectors and OHAs within GB Waters / GB they will require the Letter of Acknowledgement for Gate 1 offshore, and they will need to meet the Gate 2 criteria for Gate 2 onshore).

The Proposer advised that if a project is a non-GB project (i.e., generating outside of GB Waters / GB whether offshore or onshore) but it is directly connecting into the GB system (i.e. if and where it is not classed as an Interconnector or an OHA), then it will need to provide the relevant land rights obtained in the country where it is situated.

The Workgroup were concerned that projects located overseas (mention was made of wind located in Icelandic waters and solar located onshore in Morocco) that connected into the GB NETS and applied at Gate 1 / Gate 2 might be treated differently (in terms of not needing to evidence land rights/seabed access, whilst being able to secure capacity in GB) and believed that this needed to be addressed as part of the solution for CMP434 in order to achieve a level playing field.

When asked in the Workgroup Consultation, 41 respondents were in favour of this Element, whilst 21 disagreed. One respondent both agreed and disagreed with this element.

Some respondents highlighted the benefit to Offshore projects and Interconnectors from reserving capacity at Gate 1. Other respondents noted that this was not consistent with other projects, which will only receive indicative offers. Some respondents noted that Offshore Wind may need additional exemptions from the process, with others noting that an offshore LoA equivalent will be required for all offshore projects.

The Proposer considered the Workgroup Consultation feedback and as a result changed their Proposal to remove DFTC from the modification, with an intention for NESO to still request data from DNOs and Transmission Connected iDNOs through the existing 'week 24' / 'week 50' submissions. They also noted that an equivalent LoA[27] would be required for Offshore Projects and amended some aspects of the Proposal for Interconnectors and OHAs.

One Workgroup member queried what data visibility will be available for DNO customers, and queried whether NESO will still be providing indicative dates to DNOs Pre-Gate 2. Another Workgroup member noted that Transmission Connected iDNOs would need to be considered as well as DNOs. The Proposer clarified that as Gate 1 is now optional and Small/Medium Generators (including those who choose to opt for a BEGA) will not go through Gate 1, they are not proposing to provide indicative dates pre-Gate 2 under CMP434 for these types of generators. The Proposer also advised that they are looking to provide a solution for the forecasting of information outside CMP434. One Workgroup member queried the interaction of non-GB located[28] projects (seeking to connect to GB) with the Crown Estates and asked whether further changes would need to be made to the Proposal to accommodate this.

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

[27] To be known as a 'Letter of Acknowledgement' issued by The Crown Estate or Crown Estate Scotland.

[28] Such as those located in Iceland and Morrocco.

The Proposer outlined the proposed Gate 1 application criteria, which includes: (i) completing the relevant application form, (ii) the providing the DRC data, (iii) the LoA[29] (or LoA offshore equivalent) for the project, (iv) the Gate 1 criteria evidence, and (v) payment of the application fee invoice.

It was originally proposed that the DNOs and transmission connected iDNOs would provide a DFTC submission during the Gate 1 Application window. There was proposed to be no application fee being applied to the DNOs or transmission connected iDNOs for their DFTC submission. For iDNOs that connect into Distribution, their DFTC submission was proposed to be through the DNO or transmission connected iDNO.

Workgroup members noted that not applying an application fee to the DNO(s) or transmission connected iDNO(s) for their DFTC submission(s) when NESO and TOs would be incurring costs to assess, as part of the Gate 1 process, the capacity included within the DFTC submission(s); would not be cost reflective. Furthermore, as an application fee would be applied to all other parties seeking a Gate 1 offer this would also appear not to be a 'level playing field'.

The Workgroup queried whether the Gate 1 criteria shared applies equally to Transmission or Distribution. The Proposer noted that the criteria are mostly per status quo, but with differences in how the process is applied in relation to Offshore and DFTC. DFTC was de-scoped from the Original Proposal following the Workgroup Consultation.

Workgroup members queried why there is an application window associated with the Gated process, rather than a deadline (in this sense a deadline being the opening of an application window in a previous window where no processing would be done until the new window was opened, but simply to allow developers more time to submit the relevant documents). The Proposer clarified that this was so the preceding window could be completed and to reduce the likelihood of using outdated information.

The Workgroup noted that if the timeline remains as originally proposed for the Gate 1 process, that developers would need time to query NESO and TOs on their application to ensure they did not miss the application window. The Workgroup queried if applicants could request an extension to the signing period if their queries are not answered in time. The Proposer stated that NESO should consider those on a case-by-case basis.

The Workgroup asked if the contract offered in Gate 1 would be legally binding and it was confirmed that it would be legally binding on both the developer and NESO in respect of any included rights and obligations. NESO Legal stated that the contract offer will include indicative information in respect of connection site and connection point in Gate 1 and, when the Gate 2 criteria was met by the project, then the confirmed information (which could be different) at Gate 2.

In response to Workgroup members querying what the purpose of Gate 1 was, the Proposer noted that it was to allow developers to provide sight of their project (to NESO and TOs) and therefore for the potential for early design work to be undertaken. The Proposer noted that this foresight should reduce the likelihood of transmission works being on the developer's critical path to connection. It was noted that the Transmission Owners would not be providing or be expected to provide any substantive analysis of the applications / submission received at Gate 1.

[29] As introduced by CMP427.

The Workgroup queried when duplication checks on the RLBs would be undertaken; the Proposer confirmed that the intention was to do this after the Gate 2 applications have been received by NESO.

In response to questioning, the Proposer confirmed that a developer could apply for both Gate 1 and Gate 2 in the same application window. The Proposer noted that the developer would, in that case, only have to submit one application and suggested that a combined application would result in an earlier issuing of a Gate 2 offer (vs separate Gate 1 and Gate 2 applications) which could benefit the developer as they would have a queue position assigned quicker vs two separate applications. The proposed process was changed following the Workgroup Consultation to make Gate 1 optional.

When asked in the Workgroup Consultation, 44 respondents were in favour of this Element, whilst 22 disagreed.

Some Workgroup members believed Gate 1 will not give a realistic idea of future developments for network planning due to the lack of certainty given to developers. There were also concerns raised regarding lack of clarity within the solution, and the appropriateness of timescales and the need for these to align between NESO and DNOs / transmission connected iDNOs.

The Proposer advised that following feedback from the Workgroup Consultation, Element 6 will be updated as per Element 2 updates (Gate 1 will now be an optional process, the Gate 1 and Gate 2 processes have been combined with an intended 6-month frequency and 12-month duration (subject to licence change), and the Gate 1 offer has been decoupled from the batched design process). Workgroup members queried how fringe cases would be dealt with, and the Proposer noted that these would be dealt with on a case-by-case basis.

Elements 2, 6 and 12 have been combined into Element 2 of the Proposer's solution above.

Element 7: Fast Track Disagreement Resolution Process

This Element has been de-scoped from the Proposal; Workgroup discussions can be found in the section below which covers options no longer in scope of this modification.

Element 8: Longstop Date for Gate 1 Agreements

This Element has been de-scoped from the Proposal; Workgroup discussions can be found in the section below which covers options no longer in scope of this modification.

Element 9: Project Designation

The Proposer outlined their intention (as at the time it was presented to Workgroup) that Project Designation would prioritise transmission connections for designated projects that:

a) are critical to Security of Supply; and/or

b) are critical to system operation; and/or

c) materially reduce system/network constraints.

However, the Proposer noted that these criteria do not form part of this proposal, as they will be defined in the proposed new Project Designation Methodology, which is intended to be subject to a separate consultation and Authority approval process.

The Proposer clarified that (i) Network Services Procurement, (ii) Competitively Appointed Transmission Owners (CATO) and (iii) coordinated offshore network design arrangements will be

dealt with in a separate ‘bay / capacity reservation’ policy rather than being incorporated under Project Designation (see Element 10 in the 'Proposers Solution’ above).

In addition, the Proposer outlined its intention and rationale for the Project Designation Methodology to be contained within a separate document which could be updated periodically in accordance with the Authority’s requirements.

The Workgroup raised concerns around NESO having the power to prioritise certain transmission connections; The Workgroup also noted the existing process for determining and securing projects needed for GB security of supply purposes[30].

The Proposer clarified its intention that the methodology for determining a designated project under (b) and (c) above would likely be locational, and that for (c) above relevant examples might be large Demand projects or long duration storage projects located in a beneficial location in terms of materially reducing system or network constraints created by large volumes of generation. The Workgroup highlighted the need for a dispute process in relation to Project Designation whereby other projects (not themselves designated) that were prejudicially impacted could appeal a Project Designation.

The Workgroup questioned whether the Project Designation proposal was required as part of the MVP for Connections Reform. The Workgroup also suggested that NESO should instead rely on its existing ability to seek a derogation from the Authority that would allow NESO to prioritise certain types of projects.

When asked in the Workgroup Consultation, 34 respondents were in favour of this Element, whilst 31 disagreed. One respondent both agreed and disagreed with this Element.

Respondents raised concerns around the need for strict guidance around when projects can be designated. Others were also concerned that Project Designation is not proposed to be codified, and that it was not clearly defined within the Workgroup Consultation.

The Proposer advised that they believe Project Designation should still be part of the Proposal despite the Workgroup Consultation feedback, however noted that it will no longer be applicable in respect of Gate 1, since Gate 1 is no longer mandatory.

Element 10: Connection Point and Capacity Reservation

The Workgroup discussed the context of Connection Point and Capacity Reservation. Detailed discussions on this can be found within the Workgroup Report for CM095, as Element 10 was initially proposed to only be codified within the STC, and not the CUSC (and so is not part of this CMP434 proposal).

When asked in the Workgroup Consultation, 34 respondents were in favour of this Element, whilst 19 disagreed.

Several respondents were concerned that this Element may unduly discriminate against projects which are fully formed with land, planning and other consents in place. A large number of respondents

[30] Via the DESNZ administered Capacity Market arrangements: Capacity Market - GOV.UK (www.gov.uk)

believed that Connection Point and Capacity Reservation should be codified within the CUSC and STC. Respondents believed this Element is fundamental to the proposal for OHA and Interconnector projects, however others were concerned about the lack of analysis on the benefits, and risk of disadvantaging some projects.

Based on the feedback from the Workgroup Consultation, the Proposer advised of a change to their Proposal for Element 10, noting that they were potentially expanding the use of Connection Point and Capacity Reservation for projects submitting Gate 1 applications. They also noted they had broadened the potential usage of Element 10 i.e., to no longer make potential used specific to only a handful of potential circumstances i.e., offshore projects and network competition. They advised that this was to continue to incentivise use of the Gate 1 process and noted that reservation would not be indefinite but would have a bilaterally agreed minimum reservation time period with an annual review afterwards. The Proposer also amended their Proposal to reference Connection Point and Capacity Reservation within the CUSC, rather than just codifying it within the STC.

Workgroup members raised concerns that this change could benefit offshore wind at the expense of onshore wind. One Workgroup member queried the use of a minimum reservation time period, rather than a maximum time period.

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

Criteria and Process

The Proposer initially noted that their proposal was that projects must go through the Gate 1 process prior to going through the Gate 2 process (unless the project benefits from Project Designation) and that this was to ensure the benefit of the Gate 1 process is delivered in terms of network design, and to allow Anticipatory Investment to be identified. The Proposer confirmed that the connection date and connection point in the Gate 1 Offer will be indicative only and does not guarantee either the connection point or connection date (noting that it was later confirmed by the Proposer that this would not be the case where NESO has reserved the connection point and/or capacity at Gate 1 for certain requirements/projects in certain circumstances, as set out in Element 10 of the Proposer's solution).

The Proposer initially confirmed that both a Gate 1 and a Gate 2 application could be submitted, by the developer, simultaneously; within the single Gate 1 application window, with no option to bypass Gate 1 in its entirety (however, the Proposal was later changed to make Gate 1 optional for the developer). The Proposer confirmed that the need for each project to evidence a LoA (in respect of the Gate 1 criteria) and land rights (in respect of the Gate 2 criteria) were required so that all applicants go through the same process.

A concern was raised by the Workgroup that the proposal may lead to more speculative applications as a result, due to developers wanting to gather more information and assess where it is most favourable to secure capacity. It was also queried if there could be two combined Gate 1 and Gate 2 windows each year, so as not to disadvantage projects that applied for both gates at the same time.

The Workgroup raised concerns that this proposal (i.e., not generally being able to bypass Gate 1) would unfairly discriminate against Directly Connected and Large Embedded projects (in favour of Small and Medium Embedded projects connecting at distribution). The concern regarding discrimination would arise because Small and Medium Embedded projects would not need to enter

the single annual Gate 1 window (instead using the proposed DFTC difference[31]) and would therefore reach Gate 2 more quickly than other projects. The Workgroup noted that this could lead to customers artificially favouring distribution-connected projects over transmission-connected projects, and artificially reducing the capacity of their distribution-connected projects to fall below the relevant BEGA threshold in their region.

An Authority representative provided an update relating to codifying the Gate 2 criteria, noting that they are open to suggestions from the Workgroup on how much of the criteria is codified. The Workgroup noted the statutory requirement for any changes to the connection Terms and Conditions (T&Cs) having to be approved by the Authority.

The Workgroup queried whether the amount of land required to be evidenced, at Gate 2, could be reduced from 100%; it was clarified that the 100% required was based on minimum acreage found in the land energy density table in the CMP427 Guidance, rather than exact submitted land.

The Workgroup noted concerns around the possibility of developers using option agreements for evidencing their Gate 2 secured land and suggested that an option agreement (for Gate 2 purposes) needs to cover a minimum period of 7 years noting there should be tolerance for scenarios where options may expire or where extensions may be required. Based on this feedback, the Proposer amended their solution to note that any option agreement; for the purposes of Gate 2 secured land evidence; should as a minimum be for 3 years.

Ongoing Compliance – Land Requirements

The Proposer noted that any amendments made, by a developer, to the red line boundary of their project post achievement of Gate 2 will have to meet criteria specified by NESO. The Proposer outlined several options they could use to ensure the developer has maintained / evidenced ongoing compliance with the onshore secured land requirements.

The Workgroup noted that developers often have to move boundaries; as, for example, may arise as part of the planning or permitting processes; and queried why changing land boundaries for a project (but not the project's capacity) would matter if the Transmission System was not affected. The Workgroup suggested not allowing developers to move their project boundaries could be detrimental, as moving boundaries can take time and the purpose of this modification is to speed up the connection process. The Proposer recognised that project location changes were initially proposed to not be allowed; however, their position has changed based on feedback from the Workgroup meetings.

There was significant discussion on ensuring ongoing compliance, by developers, with the secured land requirements for their projects, with the Workgroup highlighting that NESO will need to review documentation for relevant projects to ensure developers are not using loopholes in the system to their advantage. The Workgroup noted that if the M1 milestone is further away from the signing (by the developer) of the Gate 2 acceptance, there would likely be increased changes to land boundaries.

One option suggested is that the developer builds no more than a certain percentage of the installed capacity of a technology (as contained in their Gate 1 signed acceptance) outside of their project's Original Red Line Boundary and any of that installed capacity outside this will be removed and the developer will need to reapply, for the installed capacity difference, at a future Gate 1 window.

[31] The intention for a DFTC arrangement was subsequently removed from the Original Proposal.

The Workgroup discussed that allowing applicants to build installed capacity outside of their Original Red Line Boundary could lead to gaming of the system, and that the change in red line boundary rules could make the connection more valuable than the project. Some of the Workgroup dismissed these concerns as they did not believe that this aspect of the modification would lead to gaming of the system as other aspects would have already removed speculative applications from the process.

The Workgroup argued that there was no need for red line boundary compliance, noting that issues would only be created if the change in the boundary affected the works required for a connection. The Workgroup noted that one DNO group[32] (NGED) allows a 50% increase in a projects' red line boundary, without consequences, which could be broadly equivalent to some of the proposal here for CMP434. The Workgroup could not agree if two different technologies could be planned on the same piece of land or if they would have to have two separate red line boundaries.

Based on Workgroup feedback and worked examples, the Proposer amended their proposal, as set out within Element 11.3.

The Proposer requested feedback from the Workgroup on how long a developer would typically need from signing their Gate 2 offer (the acceptance date) to submitting their application for planning consent, factoring in planning type and technology. This is captured below and in Element 11.4 above, along with the proposed timescales, which assumes that some land and planning work can be done in parallel.

The Proposer requested Workgroup views on what a standard period would be for each planning type and based on these responses asked if this factored in land and some planning activities being undertaken in parallel. Although the Workgroup confirmed their views did factor in land and some planning activities being undertaken in parallel, the Proposer has proposed shorter standard periods than the typical timelines suggested by the Workgroup. The intended approach is set out in the following table.

Planning Type	Period from Gate 2 Offer acceptance to submission of application for Planning Consent
Town and Country Planning (England, Scotland and Wales)	Typically, 18-24 months for the pre-application work including Environmental Impact Assessment works, surveys and engagement with one developer noting it is extremely rare that a development can do less than a year's worth of ecological surveys for such applications. Some support for 12 months (Sufficient time to secure planning permission if developer is ready to go).
Section 36 (Scotland)	Typically, 18-24 months and requirements similar to Town and Country Planning.

[32] Representing four of the 14 DNO areas.

Development of National Significance (Wales - akin to NSIP)	Typically, 24 months - As Town and Country Planning but extra engagement with local stakeholders is required pre-submission of the application.
NSIP (need Development Consent Order (DCO) - England)	Typically, 3 years due to complexity and duration / timing of some surveys; e.g. most breeding bird surveys are required to be carried out over two breeding/nesting seasons; plus comprehensive engagement and consultation. A developer noted it could be 18 months for Offshore projects. However, no definitive timeline could be agreed on for Offshore projects.

The Proposer noted that there would be a requirement, on projects, of showing evidence for Queue Management Milestone M1 and highlighted some proposed time periods from Gate 2 Offer acceptance to the submission of the application for Planning Consent(s). The Workgroup noted that planning and land milestones should be done sequentially, rather than in parallel, to minimise the risk of a project being removed from the queue.

The Workgroup noted that the proposed timelines could cause issues with projects with connection dates far into the future due to requiring large scale reinforcement.

The Workgroup had concerns regarding risks and costs to developers of completing surveys when it is not clear if their projects are viable, noting that cable routes are a significant proportion of costs for onshore projects, and it is often unclear initially which substation the cables would be connecting to.

It was also noted that developers will require more confidence in what they will receive in Gate 2 if timelines are to be brought forward and suggested that Transmission Owners could conduct substation siting studies earlier.

The Workgroup offered some alternative options for Gate 2 criteria, to allow developers to prove their intent to connect by showing that the project has a viable path to market (e.g., Power Purchase Agreement or awarding of a Contracts for Difference (CfD) contract by the UK Government) or they can demonstrate sufficient capital investment to build the project.

The Workgroup requested that the Proposer share their analysis on how the proposed timelines have been determined for the period from Gate 2 Offer acceptance to submission of application for Planning Consent. It was also noted that consideration needed to be given to hybrid sites and the proposed timescales applicable for these.

The Proposer provided an update on how the Queue Management Milestones would be structured under their proposal, including via a number of worked examples (which can be found in **Annex 5**). Feedback from the Workgroup was that only the M1 milestone should be forward calculated from the Gate 2 offer acceptance date, and that other milestones should not be forward calculated.

The Workgroup queried the benefit of having M2 forward calculated, with some Workgroup members arguing that M2 is largely outside a developer's control and would likely be able to claim an exception under existing Queue Management provisions.

The Workgroup added that they thought NESO should have the right to remove a project that has exhausted its planning appeals, and that making the M2 Milestone forward-looking would allow NESO to do this. Part of the Workgroup also noted that they thought M4-M8 should remain backwards looking.

It was noted by a DNO Workgroup member that Distribution projects would aim to mirror the Queue Management arrangements associated with Transmission connected projects.

The Workgroup thought that forward-looking milestones would not be suitable for projects with longer connection dates. The Workgroup noted that planning dates over 10 years in the future are usually speculative to secure queue position.

The Workgroup noted that TOs would have more time to prepare for consents on specific projects if the dates were more realistic, however this view was tempered by a participant noting that permissions granted under the Town and County Planning Act (TCPA) are typically only valid for 3 years (although some are longer) and cannot be extended (although the fact it cannot be extended was challenged by part of the Workgroup) so this would put projects at risk of having no planning permission if this was applied for too early (in order to comply with the proposed solution in terms of Element 11.4) and thus potentially no longer compliant with the milestone obligations. The Workgroup highlighted that TCPA permissions can be implemented by constructing a very small proportion of the scheme, and that this would prevent a permission from lapsing.

The Proposer presented the Workgroup with worked examples (**Annex 5**) of how a project would progress through the queue. Part of the Workgroup noted that they would prefer a hybrid of forward and backward-looking milestones, however another part of the Workgroup did not agree, advising that this could lead to gaming of the system.

On the proposal for M1 being forward-looking, the main concern from the Workgroup was whether it is reasonable to ask a developer to submit their application for planning consent earlier than they would in their development cycle noting the risk this could expire and any extension from the Planning Authority is not automatic. The Workgroup articulated some ideas as to how to manage this risk, as set out in items a) to e) below, which the Proposer agreed to consider following the Workgroup Consultation, to inform their final solution. Following the Workgroup Consultation, these options were not ultimately adopted by the Proposer; the Proposal was amended in a different way.

a) Forward-Looking M1 Milestone takes into account expected decision timelines and validity of such planning consent with the idea that planning does not expire before planning conditions are discharged.

b) Consider using the 10% developer spend route that the Low Carbon Contracts Company use for CFD Contracts.

c) Forward-Looking M1 Milestone time period only starts from when the TO have confirmed the location of their substation, where this is reasonably required for the developer to prepare and submit their planning application. Note this only applies in England and Wales as in Scotland typically, the Transmission Owner consents the cable route.

d) The M1 Milestone remains backwards looking from the Completion Date if a project's Completion Date is more than X years away.

e) Include a rectification period for a developer to resubmit their application for planning (M1) if the permission expires before the Completion Date.

There will be occasions where the Forward-Looking Queue Management M1 and Backwards looking Queue Management M1 will be the same date and the Proposer has included these scenarios in its examples of how Forward-Looking Queue Management M1 will work (as per "**Annex 6**" of this Workgroup Report).

Note that where the period from Gate 2 Offer Issue Date to Completion Date is less than that presented within the table below, the Backward looking Queue Management M1 introduced through CMP376 will apply.

Planning / Technology Type	Period from Gate 2 Offer Issue Date to Completion Date where, the Backward looking Queue Management M1 is earlier than, or the same as the forwards looking Queue Management M1
Town and Country Planning (England, Scotland and Wales)	6 years
Section 36 (England/Scotland)	7 years
Development of National Significance (Wales)	7 years
NSIP / DCO (England and Wales)	7 years
Offshore (including Offshore Wind, Interconnectors and OHAs)	9 years

The Workgroup queried whether there would be an application fee for Gate 2 and the Proposer confirmed there would continue to be application fees associated with the Gate 2 application but advised the details of this are out of scope of CMP434. The Workgroup expressed concerns regarding the cost reflectivity of any such an application fee and wished to explore this issue further.

The Workgroup queried whether the offshore leasing rounds (as managed by The Crown Estate and Crown Estate Scotland) were a difference from the process, given the same Primary Process would be followed. After additional consideration, the Proposer is removing the proposed option from CMP434 for The Crown Estate and Crown Estate Scotland to apply for grid connection offers associated with a particular seabed leasing round in lieu of developers and with the potential for additional process differences and will (re)introduce this at a later date through the appropriate change process (if appropriate).

Questions were raised regarding Interconnectors requiring secured land, in order to progress through Gate 2, as their landing sites could be subject to change. The Proposer confirmed that the solution for Interconnectors and Offshore Hybrid Assets (OHAs), is that the Gate 2 criteria will be applied in respect of the onshore convertor substation, with the developer needing to demonstrate they have secured the rights to lease or own the land on which the site (onshore converter station land) is

planned to be located. The Proposer also noted that they are considering making the indicative connection point and connection date at Gate 1 a confirmed connection point and connection date for Interconnectors and OHAs, subject to them accepting a Gate 2 offer by the (now removed) longstop date, to allow appropriate land rights to be obtained, given the large potential variability of the connection point, for Interconnector and offshore projects, as a result of the coordinated network design studies.

The Workgroup noted that timing flexibility should be allowed when applying for the Gate 2 window, as they are sometimes required by planning to do some studies at certain times of the year depending, for example, on environmental factors such as breeding or nesting times.

When asked in the Workgroup Consultation, 30 respondents were in favour of this Element, whilst 34 disagreed. Two respondents both agreed and disagreed with this Element.

A number of respondents were concerned that the Gate 2 criteria will not be codified, with some respondents believing the Gate 2 criteria are not stringent enough to result in reducing the Connections queue. One respondent noted that planning applications based on an indicative offer would be difficult to do. Some respondents were concerned that the proposed forward-looking timescales are too short, with others noting that there may be consequences as a result of developers having to submit planning applications too early in the development cycle. It was also noted that changes are required to the proposal to make DCO projects viable.

The Proposer presented the following updates to Element 11, following Workgroup Consultation feedback:

- Clarification that land rights submitted at Gate 2 must have a 3-year minimum option length, subject to NESO discretion.
- DCO projects will (via the Gate 2 Criteria Methodology) have an alternative option for Gate 2 criteria evidence to mitigate a risk of the process being unviable for them.
- Calculation of Red Line Boundary compliance based on installed capacity rather than TEC.
- Codification of RLB compliance.
- Amended timescales from Gate 2 Offer acceptance to forward-looking M1 based on feedback.
- Option for NESO to adjust milestones to avoid unintended outcomes.

One Workgroup member queried how the Proposer had arrived at the 3-year minimum option length. Workgroup members queried whether NESO would have powers to retroactively remove applicants from Gate 2 if the Gate 2 criteria were changed. Some Workgroup members were confused with the changes to Element 11, with members querying the change in the RLB compliance being based on installed capacity. NESO advised that their interest is in installed capacity, rather than TEC. Some Workgroup members were concerned that installed capacity is not fully defined, however the Proposer noted they had made this change based on Workgroup Consultation responses.

The Chair requested more detail on the solution from the Proposer as Workgroup members were not clear on which parts would be within three planned Methodologies and what would be codified. Workgroup members stated that they were unable to raise Alternative Requests without this further detail. The detail of what would be codified was subsequently provided to the Workgroup within the legal text.

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

The Proposer outlined the process and timeline for Gate 2, clarifying that projects applying through earlier windows would get preferential queue positions than those applying in later Gate 2 application windows. The Workgroup suggested a number of amendments regarding the timings of the Gate 2 windows, some noting that they thought it would be better to have them at the same time as Gate 1 application windows. The Workgroup also highlighted a discrepancy between the treatment of Transmission and Distribution connected projects with the view that it is only Relevant Embedded Small/Medium Power Station projects that would be able to utilise the first Gate 2 window currently proposed in 2025.

The Proposer outlined that DNOs/transmission connected iDNOs will utilise the existing Project Progression/Transmission Impact Assessment process in the Gate 2 Application Window to notify NESO of Relevant Embedded Small/Medium Power Stations that have met the Gate 2 criteria.

When asked in the Workgroup Consultation, 49 respondents were in favour of this Element, whilst 11 disagreed. Two respondents both agreed and disagreed with this Element.

Transmission Owner respondents were concerned that overlapping Gate 2 tranches could create complexities in the process as the background assessments will be based on assumptions. They also had concerns with the proposed timescales, noting they could be infeasible.

Some Workgroup members highlighted the need for more frequent application windows, with concerns that the new process could potentially take longer than the status quo. Some Workgroup members also thought Element 12 should be codified.

As per Element 2, the Proposer decided to make the following change to their Proposal, following the Workgroup Consultation feedback: the Gate 1 and Gate 2 processes have been combined with an intended 6-month frequency and 12-month duration (subject to changes to the ESO licence).

Elements 2, 6 and 12 have been combined together into Element 2 of the Proposer's solution above.

One Workgroup member highlighted that the new process needed to align with the CfD processes and queried what the Proposer had done to ensure the processes were aligned. Several Workgroup members were confused about the Proposal and which sections are proposed to be codified by the Proposer.

Element 13: Gate 2 Criteria Evidence Assessment

Based on the proposed Gate 2 Criteria, the Proposer shared their 'evidence assessment' proposal of a self-certification approach and their view on what developers would need to submit to NESO or DNO / transmission connected iDNO (in respect of Relevant Small and Medium Embedded Generation).

The Proposer confirmed that, under the existing CMP376 rules, NESO is required to check 100% of the Milestone evidence submitted by customers.

However, due to the volume of documents (in year one only) expected to be required to be checked, the Proposer noted that they are proposing to sample check a proportion of applications (including duplication checks of red line boundaries). The Workgroup noted that in order to have a robust and efficient sampling regime for the Gate 2 verification approach that the minimum percentage of

applications sample checked should be defined by the Authority and should be consistent across Transmission and Distribution.

The Workgroup expressed concern that this proposal could see the DNOs and transmission connected iDNOs required to reduce the percentage of evidence that they check from 100% to a lower number, and that this could negatively impact the robustness of the DNO/transmission connected iDNO grid connections process.

The Workgroup also noted that Users should be provided with guidance and support with the process and the Proposer confirmed that the full evidence and checking process will be set out in a Guidance document to be issued by NESO after CMP434 is approved.

The Workgroup noted that 100% of duplication RLB checks (rather than a sample) should be done. The Proposer agreed to consider this however noted that it would be dependent on whether the systems in place will enable RLB to be overlaid on top of each other, using shapefiles submitted by applicants. The Workgroup asked the Proposer to consider a method for applicants to reserve their redline boundaries when submitting an application.

The Workgroup also questioned if it would be NESO / DNOs / transmission connected iDNOs who would be undertaking the checks or if it would be an independent expert body. The Proposer agreed to consider which option would be most optimal, closer to implementation.

When asked in the Workgroup Consultation, 40 respondents were in favour of this Element, whilst 23 disagreed.

Workgroup members believed that red line boundary checks and duplication checks should be undertaken for 100% of applications, particularly as a self-declaration process is being proposed. Some Workgroup members were concerned that the proposed new Gate 2 Criteria Methodology (including how the criteria will be assessed) has not yet been written, with some Workgroup members suggesting that the criteria should be codified within the CUSC, rather than in a Methodology.

As a result of feedback in the Workgroup Consultation, the Proposal was changed to introduce the right to check up to 100% of evidence related to land rights, and to carry out 100% of duplication checks against projects in Gate 2. This was to address concerns that evidence may not be checked and that duplicates may not all be identified. As part of this, the proposed self-declaration letter was also modified. The Proposer also confirmed that DNOs and Transmission Connected iDNOs will audit the evidence of Small/Medium Embedded projects, while NESO will do the duplicate checking for these.

One Workgroup member raised a concern that some developers may ‘game the system’. Workgroup members were also keen to understand the obligations on parties as part of this Element, and whether if it will be included in the code or within the three planned Methodologies.

Following updates of NESO’s intent to the use the Clean Power 2030 report as a basis to prioritise projects, (based on technology and location) it was suggested the code modification needs amendment. It was suggested that the proposer would need to consider application to embedded small and medium projects entering Gate two as there were no code arrangements under the modification to revert these projects to a gate one status.

Element 14: Gate 2 Offer and Project Site Location Change

This Element has been de-scoped from the Proposal; Workgroup discussions can be found in the section below which covers options no longer in scope of this modification.

Element 15: Changing the offer and acceptance timescales to align with the Primary Process timescales (e.g., a move away from three months for making licenced offers)

The Proposer advised that there will be changes required to the ESO licence as a result of this modification and noted that they have liaised with the Authority regarding these. The Proposer advised that licenced offer timescales for the Primary Process would need to be amended and reflected into the CUSC. They also noted that new licence obligations would need to be introduced, relating to (i) the Connections Network Design Methodology (CNDM), (ii) the Gate 2 Criteria Methodology and (iii) the Project Designation Methodology. It was noted that this is not the only available approach and that these Methodologies could be governed under the CUSC.

When asked in the Workgroup Consultation, 50 respondents were in favour of this Element, whilst 11 disagreed.

Some respondents noted that further detail was required on the timescales for stakeholders to fully understand the Proposal, with many respondents believing that the timescales for the current application and offer process need to change to align with the Primary Process. Several respondents noted that the introduction of the new process may result in the process slowing down, due to the introduction of the two formal gates and an extension in offer timescales. There was concern from some respondents that this may disincentivise applications to connect to the NETS, with some respondents querying why NESO/TOs need more time for Gate 1 offers.

The Proposer considered the feedback from the Workgroup Consultation and did not think that a change was necessary to their Proposal. This is not to change the current obligations in CUSC through this modification. Any future change would be in line with any potential changes to the ESO and TO licences that the Workgroup has not had sight of, but may be consulted on by the Authority in future.

Element 16: Introducing the proposed Connections Network Design Methodology (CNDM)

The Proposer outlined that the CNDM is the proposed process by which NESO and TOs will assess connection applications and define the roles and responsibilities of NESO and TOs in conducting these activities.

The Proposer also noted that the CNDM will (as well as setting out capacity[33] allocation) also include a new process for “capacity reallocation”, under which available transmission capacity would no longer be allocated to the next project in the queue on a first come first served basis. Instead, capacity will be allocated according to criteria to be defined in the CNDM, the Gate 2 Criteria Methodology and the Project Designation Methodology.

The Proposer originally noted that requirements for the publication and consultation of the CNDM could be codified; namely (i) the requirement for NESO to have a CNDM, (ii) to publish the CNDM

[33] Such capacity being related to projects in scope within Element 3 e.g., TEC, Developer Capacity, MWs associated with Directly Connected Demand projects.

and (iii) to engage with industry on the content of the CNDM; but this has since been superseded by Ofgem's 16 September 2024 open letter[34] outlining their intent to introduce new licence obligations for this purpose.

The Workgroup originally supported the above points (i) – (iii) being codified. In addition, part of the Workgroup noted that they believed it was a legal requirement, in respect of connections, to be codified as the Authority need to approve the content of the document.

The Workgroup expressed concerns about the Proposer's intention not to codify the proposed new capacity reallocation mechanism, instead including it in the non-codified CNDM document.

Part of the Workgroup stated that they believed this new mechanism could reallocate tens or hundreds of millions of pounds of economic value between customers, and potentially increase or decrease overall electricity costs by billions of pounds. In this context, part of the Workgroup argued that it was inappropriate for this new policy to not be codified and, as a result, to be subject to a lighter touch governance regime.

The Workgroup stated their view that capacity reallocation mechanism is so central to this proposal that, if the Proposer was not proposing to codify it, then, in their opinion, there would be good arguments for the Authority to reject or send back this Modification, which would delay the entire Connections Reform programme.

The Proposer noted that they would be engaging with the ENA regarding the CNDM, and that DFTC would be considered as part of the CNDM. Part of the Workgroup noted that transmission connected iDNOs are not represented within the ENA; the Proposer agreed to ensure these iDNOs were consulted.

The Proposer stated that is does not intend to discuss the potential content of the CNDM (including the capacity reallocation mechanism) at any future CMP434 Workgroup meetings. However, should the Proposer complete a draft of the CNDM before the conclusion of the Workgroup process, then the Proposer's intention is that it would be shared with the Workgroup. In any case, the Proposer's intention is that no Workgroup time be allocated to discuss the contents of the CNDM, including the new capacity reallocation mechanism.

The Workgroup queried the possible consequences if the CNDM is not approved by the planned Go-live date for CMP434 (which, at the time of publication of this document, is anticipated to be Q2 in 2025, based on an anticipated Authority decision, on this Modification, in Q1 2025). The Proposer noted that if there was a risk the CNDM would not be completed by the Go live date then the scope/content of the document(s) could potentially be adjusted to mitigate the risk and allow the Methodology to be approved (with further details then being included in later versions). However, as per the proposal set out within Element 1 there is a risk of delay to the Go-live date. In the event that either the CNDM or the Gate 2 Criteria Methodology is not approved by the Go-live date, the go-live date would be delayed as set out in Element 1. Any such delay to Go-live would be subject to Authority approval as would their approval of the new Go-live date.

[34] Open letter on the reformed regulatory framework on connections | Ofgem

The Proposer noted that they do not anticipate changes to the current exchange of data between NESO and TOs, as the existing arrangements (known as 'Construction Planning Assumptions' (CPAs) and 'Transmission Owner Construction Offers' (TOCOs) will still be part of these proposals. The Workgroup noted that there would be changes required within the STC and System Operator Transmission Owner Code Procedures (STCPs) to outline the CNDM requirements.

When asked in the Workgroup Consultation, 35 respondents were in favour of this Element, whilst 23 disagreed. Two respondents both agreed and disagreed with this Element.

Some respondents noted that the proposed solution will provide transparency on how network design will be conducted following assessment of Gate 1 and Gate 2 connection applications. There were varying views around codification of Element 16. Several respondents believed the capacity reallocation mechanism should be codified, with others requesting transparency on how capacity will be allocated or re-allocated.

The Proposer considered the feedback from the Workgroup Consultation; however it did not think that a change was necessary to their Proposal. One Workgroup member queried why the Proposer considered the TEC reallocation process to be out of scope of CMP434 in terms of codification. The Proposer clarified that TEC relocation is not currently codified and was not codified through CMP376, advising that the intention is for TEC reallocation to sit within the Connections Network Design Methodology work.

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 aligned to the Gate 1 Application Window

This Element has been de-scoped from the Proposal; Workgroup discussions can be found in the section below which covers options no longer in scope of this modification.

Element 18: Set out the process for how DNOs and transmission connected iDNOs notify NESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2

The Proposer presented their Gate 2 offer content for DNOs and transmission connected iDNOs who have submitted Gate 2 applications for Relevant Embedded Small/Medium Power Stations, noting that the process will be largely BAU as it is today.

When asked in the Workgroup Consultation, 41 respondents were in favour of this Element, whilst 11 disagreed.

Several respondents noted that this Element generally follows existing BAU processes. Concerns were raised by respondents regarding the possibility of delays for some projects if DNOs or transmission connected iDNOs do not submit information to NESO in a timely manner, lack of detail on interactions between DNOs / transmission connected iDNOs and NESO within the Proposal, and the possibility of issues processing applications due to inconsistencies between the DNO / transmission connected iDNO and NESO interfaces.

The Proposer considered the feedback from the Workgroup Consultation and changed their Proposal to limit DNOs and Transmission Connected iDNOs to have a maximum of 10 Business Days after the close of the Gated application submission window to submit their fully completed application including

any information required by the DRC. The Proposer clarified this approach is to allow Embedded Customers to have a similar Gate 2 window duration.

Following this, an Alternative was raised by NGED (Alternative 23) to change the 10 Business Day evidence submission period to 20 Business Days. The Proposer recognised that DNOs and transmission connected iDNOs are required to produce additional information as part of their application to NESO. NESO discussed this with the Requester of Alternative 23, resulting in the Original Proposal being changed for DNOs and transmission connected iDNOs to have up to 5 Business Days following the closure of the Gate 2 application, as a minimum, to allow them to submit, to NESO, the basic information required to for the creation of Construction Planning Assumptions and up to a maximum of 15 Business Days after the closure of Gated Application Submission deadline to submit their fully completed DRC/technical data and Gate 2 evidence. This revision intended to allow embedded generators to have a similar Gated Application Window to Transmission applications. Alternative 23 was subsequently withdrawn as a result of this change to the Original Proposal.

Legal Text Discussions relating to the Original solution

Prior to the Workgroup Consultation, the Proposer presented a list of sections within the CUSC they thought may potentially need to change, for the purposes of implementing CMP434.

The Workgroup queried whether CUSC amendments would be required for (i) Project Designation and (ii) Connection Point and Capacity Reservation. The Proposer agreed with the Workgroup member that Section 11 definitions would be required, followed by updates to relevant Sections throughout the CUSC.

Following the Workgroup Consultation, the initial legal text was drafted by NESO legal. One Workgroup member noted that NESO must ensure the legal text interacts properly with the proposed three Methodologies.

The Workgroup reviewed all the draft legal text and were given the opportunity to provide comments, to NESO's legal team, on the draft legal text prior to discussion in Workgroup meetings.

Workgroup members debated whether Bay Reservation should only apply to new connection sites, rather than all connection sites. Workgroup members discussed if having the three proposed new Methodologies determining the terms and conditions of a connection agreement was legally robust.

Workgroup members asked about the dispute process for Embedded Generation, and what the compensation would be for an applicant that was found to have met the requirements but now missed their Gate window. As this discussion was around how the dispute would be handled between an Embedded Generator and the DNO/transmission connected iDNO, this is not being considered in NESO's solution.

Workgroup members raised concerns around DNOs and Transmission Connected iDNOs only having 10 Business Days after the close of the Gated Application submission window, within the Gated Application Window, to submit their fully completed application including any information required by the DRC/technical data and Gate 2 evidence, and what the legal text said their obligations were. The Proposer confirmed that the 10 Business Days was being updated in light of the Workgroup discussions around these concerns and Alternative 23. A NESO legal representative explained the legal text obligations do not consider the EG customer and DNO / Transmission Connected iDNO process and this may be more appropriately managed through direct contracts between DNO /

Transmission Connected iDNO and their customer. A NESO representative also questioned whether there would be further requirements DNOs / Transmission Connected iDNOs needed from EG customers either set out within the Distribution Code or DNO/ Transmission Connected iDNO Guidance, as DNOs / Transmission Connected iDNOs customers aren't always a party to the CUSC (unless they're applying for a BEGA), so DCUSA may be better placed to address any further obligations. Workgroup members also questioned whether there would be changes required to the DNO / Transmission Connected iDNO Terms and Conditions.

Workgroup members asked where the transparency of the confirmation of Project progression is being picked up in the legal text. There was much debate on Statement of Works progress and if it is still necessary.

Workgroup members discussed the differences and similarities between the '*Letter of Authority*' (for onshore projects) and '*Letter of Acknowledgement*' (for offshore projects), and how these concepts interact with cable routing and offshore power islands. Workgroup members asked why NESO could not define the length of a Gated Offer and asked for this information to be defined in Section 17. A Workgroup member asked for NESO to consider how Modification Applications will be altered as a result of CMP434.

Workgroup members debated on whether NESO should still offer a paper copy of the application form; several Workgroup members believed the online portal was sufficient. Workgroup members stated NESO should make the process of attaining reservation simpler to understand.

A Workgroup member asked for NESO to provide clarity on whether Embedded Generation would benefit from reservation. Workgroup members debated on how Significant Modifications should be handled, to which NESO stated they would update the Workgroup on Significant Modifications in the future. Workgroup members, noting the better network outcomes and lower costs to consumers[35] (as endorsed by DESNZ and Ofgem[36]) from transparency asked for transparency in all aspects of these new processes.

There were further discussions had by the Workgroup on Embedded Generation, with many Workgroup members expressing confusion on the process. One Workgroup member highlighted a possible gap in the legal text, noting that the TIA process is held outside the CUSC. Workgroup members requested a diagram on the Embedded Generation process for clarity, as there was concern that stakeholders not involved in the Workgroup process would not understand it. The Proposer agreed to consider including a diagram when putting together the external guidance to help Users understand the process.

One Workgroup member raised a concern that CUSC Section 6.5 refers to Relevant Embedded Power Stations (including Large Power Stations) and queried whether this was correct, noting that Large Power Stations are not included in the process in practice. They asked whether this should be amended to remove reference to Large Embedded Power Stations. This would result in the process

[35] As evidenced in the Energy Data Taskforce report (commissioned by DESNZ & Ofgem): Energy Data Taskforce | A Modern Digitalised Energy System

[36] As stated on the DESNZ website: Modernising Energy Data - GOV.UK

not covering Large BELLA/BEGAs. One Workgroup member noted that BEGAs should not be included in 6.5 regardless of size. A NESO representative clarified that it was correct for Large Power Stations to come under 6.5.8 and confirmed that BEGAs should be included in 6.5. Further wording was added to the legal text to clarify this. The legal text was also amended to refer to Relevant Embedded Power Stations rather than Relevant Embedded Small Power Stations and Relevant Embedded Medium Power Stations.

When reviewing 17.10.1.2, one Workgroup member highlighted a concern that the legal text may not be consistent with NESO's solution; upon review the legal text was amended accordingly. As a result of this discussion, one Workgroup member raised Alternative Request 30, which would require NESO to check 100% of Gate 2 Evidence. Following discussion between the Proposer and NESO, the Original legal text was amended to obligate NESO to publish the percentage of declaration evidence checks which have been undertaken. Alternative 30 was subsequently withdrawn by its Proposer.

The Workgroup discussed the new definition for Installed Capacity. A NESO representative noted that they thought that the Installed Capacity figure provided should not be limited by CEC, TEC or Developer Capacity, and that it should relate to Active Power. One Workgroup member highlighted the risk that if not clearly defined within the legal text or Workgroup Report, that different stakeholders could have different views on the type of capacity being referred to. One Workgroup member also highlighted a risk of gaming based on reduction in Installed Capacity if over 50% of the site was built outside the Original Red Line Boundary due to loose drafting of the installed capacity proposals. Additional wording was added to the definition to address this risk, and the definition was split out to add a clause to Section 17.

The Proposer noted some feedback from Ofgem on planned Methodology naming in the NESO Licence and the Proposer noted they had made minor amends to the legal text as a result of this. The Proposer clarified that in the NESO License, the Gate 2 Criteria Methodology will be referred to as the Connections Criteria Methodology. Additionally, Gate 1 and Gate 2 agreements were amended for the avoidance of doubt to make it clear this may require a Bilateral Agreement, because this may not always be necessary.

A NESO legal representative confirmed two changes to the forward-looking milestone section within Section 16. When queried, a NESO representative confirmed this change would not impact embedded customers.

The Workgroup discussed the definition of Relevant Embedded Power Stations within section 17. The original legal text was updated to exclude Relevant Embedded Large Power Stations to avoid confusion. The Workgroup also discussed an update to the original Red Line Boundary clause in 17.9, which the NESO legal representative noted this was amended to provide clarity within the construction agreement.

Queue Management – Appendix Q

Where Gate 1 is met by the developer, then the clauses for Queue Management, for the project, will be populated within the Gate 1 offer that the developer receives. However, the Appendix Q, in that offer, will not be populated. Once Gate 2 is met by the developer then a populated Appendix Q, for the project, will be included into the Agreement. Forward-looking Milestones are currently being investigated by the Proposer and a Forward-Looking M1 is proposed within their current solution. If

this is the final proposal and is approved, NESO will update the Queue Management Guidance and CUSC Section 16 to reflect the required changes.

Discussion on Methodologies

Throughout the Workgroup process and as part of the Workgroup Consultation, numerous concerns were raised from Workgroup members and Workgroup Consultation respondents regarding having the three planned new Methodologies sitting alongside (but outside) the codes. It is noted that the Workgroup have to assess the impact of the CUSC modification against the Applicable Code Objectives but that the impact will be determined by the Methodologies of which the Workgroup are unsighted. No evidence was provided to the Workgroup on the potential impact of the Methodologies.

Several Workgroup members were concerned about interactions between the codes and these Methodologies, and which one would take precedence if they were contradictory.

Some of the Workgroup were concerned that the solution cannot be properly assessed by the Workgroup as the three Methodologies were not viewed by the Workgroup prior to Workgroup Report stage.

One Workgroup member was concerned that they could not consider the impact of NESO Designation and whether it was non-discriminatory, as they have not had sight of these Methodologies. One Workgroup member felt that the route to fully assess and raise any potential discriminatory risks would be through the Authority's ESO licence Change consultation (which it is anticipated, at the time of publication of this document, will set out the legal framework for these three Methodologies).

Discussion on Annex B of the Open Letter on Connections Reform

The Workgroup considered the relevant content of Annex B of the Open letter on connections reform[37].

The Chair advised that within the Open letter, the Authority had laid out a number of points that they expected the ESO to consider when developing the TMO4+ proposal, acknowledging the need for appropriate support from industry during the code modification process. Some Workgroup members had varying interpretations of the ask of the Authority from within the open letter. Workgroup members also stated that some of these points should be discharged to other parties outside of the Workgroup. The points below from the open letter were considered by the Workgroup, as follows:

1. *To ensure this proposal has a clear statement of forecasted benefits in line with the outcomes of the CAP (which are repeated above).*
   NESO advised that they have shared quantitative assessment to the Workgroup in relation to RFI data and analysis. They also advised that a draft impact assessment will be published alongside the Methodologies once Workgroups have terminated. Anticipated benefits of the Proposal were discussed by the Workgroup throughout the Workgroup considerations for each element. One Workgroup member felt that the benefits of the Gated process were not entirely covered within the Proposal.

[37] Reference to Ofgem's Open letter: update on reform to the electricity connections process following proposals from ESO, published on 10 May 2024

2. *To identify and understand the risks associated with this proposal (including legal risks) and develop effective mitigations as far as possible.*
   NESO advised that they believed this has been covered through Workgroup discussions throughout the Workgroup process, and that the Methodology discussions have captured conversations relating to Workgroup concerns. Several Workgroup members felt that the legal risks had not fully been considered and responded to by NESO.
3. *To evidence through a clear impact assessment that the proposal will achieve forecasted benefits.*
   NESO advised that they have shared quantitative assessment to the Workgroup in relation to RFI data and analysis. They also advised that a draft impact assessment will be published alongside the Methodologies once Workgroups have terminated. Anticipated benefits of the Proposal were discussed by the Workgroup throughout the Workgroup considerations for each element, and Workgroup members agreed that point (3) was in the remit of NESO, to be completed outside the Workgroup process. The Workgroup noted that they have not had sight of the proposed Methodologies so felt that they were unable to endorse the Methodologies or provide judgement on them. Workgroup members noted the RFI data had been presented but the Workgroup as a whole had not conducted any assessment.
4. *To ensure the details of the proposal are developed through consultation with network owners, wider industry and connection customers.*
   NESO advised that previous and planned consultation has occurred in respect of the TMO4+ proposals, including through the code modification process. This includes Workgroup Consultations (please see the summary of CMP434 Workgroup Consultation above) and the planned Code Administrator Consultations. There are also consultations planned in relations to the proposed Methodologies and licence changes, as referenced in the Interactions section above.
5. *To identify and recommend any regulatory and legislative changes required to enable or mitigate risks associated with the proposal.*
   NESO advised that a suite of code modifications have been raised (CMP434, CM095, CMP435 and CM096). They have also highlighted their high-level views on the required licence changes to Ofgem to inform their thinking on potential licence changes within the code change process (as has been discussed in the code change process). Within Workgroup discussions, NESO advised that licenced offer timescales for the Primary Process would need to be amended and reflected into the CUSC, and also noted that new licence obligations would need to be introduced, relating to (i) the Connections Network Design Methodology (CNDM), (ii) the Gate 2 Criteria Methodology and (iii) the Project Designation Methodology. This has been discussed by the Workgroup within the Workgroup Considerations. One Workgroup member felt that point (5) should fall on the Authority due to their Transmission Licence consultation.
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.*
   NESO advised the Workgroup that the revised code modification plan was submitted to Ofgem on 09 September 2024 following engagement with the CUSC and STC Panels. They also advised that TMO4+ updates have regularly been provided within Workgroup meetings.

Alternative options have been developed through the Workgroup (please see sections on Alternative Requests and WACM discussions above).

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.*
   NESO advised that they did not feel that this was relevant for the Workgroup to consider. The Workgroup agreed that point (7) was a wider issue with specific elements relevant for NESO to consider, but the Workgroup advised this should be covered outside of the Workgroup, noting that it has not been considered within the Workgroup meetings.
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 the ESO will engage with customers appropriately, communicating at the right time about all the changes they will experience as result of this process change.*
   The Chair advised that Workgroup Term of Reference (g) covers the accessibility and transparency of new processes for Users, particularly new entrants. This has been discussed by the Workgroup within the Implementation Approach, Legal text discussions, and Discussions on Methodologies sections of this document. The Workgroup agreed that point (8) was a wider issue than the Workgroups, with the decision to create Methodologies outside the Workgroup process being beyond the scope and responsibility of the Workgroup as it is dependent on timescales and approach chosen by the Proposer.

Alternative Requests

Following the Workgroup Consultation several Alternative Requests were submitted by consultation respondents and, subsequently, by Workgroup members. These Requests set out the case as to why the party or Workgroup member who submitted them wished to amend parts of the Original Proposal (and outlined what their amendment was). Details of all Alternative Request raised can be found in **Annex 8**.

The Workgroup reviewed all of these Requests and the table below provides an overview of each Request (and who raised it) along with its status as to whether it was (a) withdrawn (by the party / Workgroup member who raised the Request) or (b) was voted upon by the Workgroup with those that received a majority support (of those Workgroup members eligible to vote) proceeding forward as a formal 'WACM'[38] whilst those that failed to obtain majority support did not proceed forward (and thus did not become a WACM).

Alternative Number	Proposer Organisation	Overview	Outcome of Alternative Voter
1	Engie	Firm access only available to fully formed projects that are formally in the planning process	Alternative Request formally withdrawn by Proposer on 25/09/24.
2	EDF	Remove the proposed restrictions to build capacity outside the red line boundary	Alternative Vote held on 25/09/24 but not supported by a majority of the Workgroup.

[38] "Workgroup Alternative CUSC Modification", which is defined, in Section 11 of the CUSC, as "*an alternative modification to the CUSC Modification Proposal developed by the Workgroup under the Workgroup terms of reference (either as a result of a Workgroup Consultation or otherwise) and which is believed by a majority of the members of the Workgroup or by the chairperson of the Workgroup to better facilitate the Applicable CUSC Objectives than the CUSC Modification Proposal or the current version of the CUSC*."

3	EDF	Remove proposed forward planning milestones and use Queue Management planning milestone dates	Alternative Vote held on 25/09/24 but not supported by a majority of the Workgroup.
4	ENWL	Clarify definition of embedded schemes that will follow the primary process	**WACM1** – Alternative Vote held on 25/09/24.
5	ENWL	Raise the lower threshold for embedded schemes that will follow the primary process	Alternative Vote held on 25/09/24 but not supported by a majority of the Workgroup.
6	ENWL	Amend the threshold at which embedded schemes will follow the primary process	Alternative Request formally withdrawn by Proposer on 17/09/24 and content incorporated into Alternative 5.
7	Hydrostor Inc	Provide greater certainty to all LDES projects, requesting regulatory alignment between future connection reforms, consents, and procurements by considering further provisions for LDES beyond pumped hydro	Not raised by an eligible party.
8	CBS Storage Assets UK Limited	Include an explicit requirement within CUSC for all DNOs to submit Gate 2 information to the ESO within 30 days of it being received from the customer / user	**WACM2** – Alternative Vote held on 25/09/24.
9	ABO Energy	Extend the timeline for implementation	Not raised by an eligible party.

10	Point and Sandwick Power Limited	Provide an indication of costs within Gate 1 offers	Alternative Vote held on 25/09/24 but not supported by a majority of the Workgroup.
11	Point and Sandwick Power Limited	Introduce an alternative to unfair connection regulation for Community Generators by considering a specific “Community” Project Designation	Alternative Request formally withdrawn by Proposer on 24/09/24.
12	Point and Sandwick Power Limited	Introduce provisions so a proportion of any planned new grid infrastructure would be ring-fenced for use by Community Generators	Alternative Vote held on 30/09/24 but not supported by a majority of the Workgroup.
13	Low Carbon	Codify a simple capacity reallocation mechanism, with terminated capacity being offered to the next project that has passed Gate 2 and can take advantage of that terminated capacity	**WACM3** – Alternative Vote held on 25/09/24.
14	Low Carbon	Codify the proposed restrictions on changes to project RLB post-Gate 2, rather than having the restrictions in the proposed Gate 2 Criteria Methodology	**WACM4** – Alternative Vote held on 25/09/24.

15	Q-Energy Sustainable Investments Ltd	Remove DFTC from the proposed solution	Alternative Request formally withdrawn by Proposer on 18/09/24 as this was incorporated into the Original solution
16	Q-Energy Sustainable Investments Ltd	Remove Element 14 from the proposed solution, to limit/stop the ability to move site location post Gate 2 Offer	Alternative Request formally withdrawn by Proposer on 18/09/24 as this was incorporated into the Original solution
17	Q-Energy Sustainable Investments Ltd	Alternative to Element 18. A new process, preferably codified, to address 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	Alternative Vote held on 25/09/24 but not supported by a majority of the Workgroup.
18	Northern Powergrid	Existing Allowable change rules to remain in place, and to not adopt the proposed significant change element	Alternative Request formally withdrawn by Proposer on 13/09/24
19	Innova Renewables	Remove Element 9: Project Designation from the Original Proposal	**WACM5** – Alternative Vote held on 25/09/24.

20	Epsilon Generation Limited	Planning submission or permission is required as part of Gate 2 criteria	Alternative Request formally withdrawn by Proposer on 23/09/24
21	Epsilon Generation Limited	12 month grace period to move the red line boundary after Gate 2 acceptance.	Alternative Vote held on 30/09/24 but not supported by a majority of the Workgroup.
22	RWE	Users to provide the date they expect to submit planning consent to the ESO post Gate 2 when the outcome of Transmission Owner (TO) site studies is known and a point of connection is provided	Alternative Request formally withdrawn by Proposer on 19/09/24
23	NGED	Change the proposal in Element 12 for the time that DNOs and IDNOs have to submit the evidence to demonstrate that projects connecting to their networks have met the Gate 2 criteria (and also the full technical data submission required for a project progression), from 10 working days to 20 working days	Alternative Request formally withdrawn by Proposer on 30/09/24
24	Epsilon Generation Limited	Introduction of Planning Consent within the Gate 2 Criteria Process	Alternative Request formally withdrawn by Proposer on 23/09/24

25	RWE	Obligation to Codify the Methodologies and Guidance Documents under Connection Reform	**WACM6** – Alternative Vote held on 25/09/24.
26	SSE Generation	To create a single process that will apply to new and existing projects. It seeks to filter projects based on (i) Gate 1 - system need (i.e., alignment with UK Government-backed plans); and Gate 2 - project commitment, plus recognition that, by securing grid connection, other project developers forgo the opportunity to connect their projects. Projects are then subject to the full suite of existing Queue Management Milestones to ensure they progress.	Alternative Vote held on 25/09/24 but not supported by a majority of the Workgroup.
27	Muir Mhòr Offshore Wind Farm Ltd	From Go-live, projects entering Gate 2 should also have submitted planning or provide additional security up to the submission of planning milestone.	Alternative Vote held on 30/09/24 but not supported by a majority of the Workgroup.
28	ENSO Energy	Greater visibility of competitor projects: • Publishing of results of the Gate 2 compliance check including revised TEC or technology change requests • 2-4 week pause for Gate 2 qualified applicants to assess project viability given updated competitor information and project designation activity	**WACM7** – Alternative Vote held on 25/09/24.

		• Choose to then keep project, withdraw or apply for capacity advancement	
29	Electricity Northwest	Combination of WACM1 (Alternative 4) and WACM6 (Alternative 25), as above.	Alternative Vote held on 30/10/24 but not supported by a majority of the Workgroup.
30	Q-Energy Sustainable Investments Ltd	Require NESO to check 100% of Gate 2 Evidence.	Alternative Request formally withdrawn by Proposer on 30/10/24
31	Innova Renewables	Combination of WACM1 (Alternative 4) and WACM4 (Alternative 14), as above.	Alternative Vote held on 30/10/24 but not supported by a majority of the Workgroup.
32	Innova Renewables	Combination of WACM1 (Alternative 4), WACM3 (Alternative 13) and WACM4 (Alternative 14), as above.	Alternative Vote held on 30/10/24 but not supported by a majority of the Workgroup.

WACM Discussions

The full details for the Workgroup Alternative CUSC Modifications can be found in **Annex 9**.

WACM1: Clarification of Embedded Definition

The Workgroup discussed the intended categorisation (with this WACM) of Embedded Generators into Category 1 and Category 2. One Workgroup member noted the overlap between the two categories and noted the need for them to be clearly distinct, given that 100MW could be considered to be in either category for England and Wales. The Proposer of WACM1 noted that it was their intention for 100MW to be in Category 2 and agreed to revise the wording for clarity. The Proposer of WACM1 also noted their intention for the categories to be within the CUSC legal text, and to not have the thresholds linked to Grid Code definitions. One Workgroup member noted that the lower limits may not just be dependent on capacity (MW), which led to another Workgroup member requesting transparency of other criteria and when it is applied. One Workgroup member also noted the legal requirement, as set out in Retained EU Law[39], for the harmonisation[40] of the rules for grid connection across GB.

The Workgroup reviewed the legal text for WACM1, with one Workgroup member noting that the definition for Category 1 Embedded Power Station should be changed to say 'greater or less than' to avoid confusion. Another Workgroup member noted a defect in the existing legal text and highlighted the risk of trapping Large Embedded Power Stations within the processes associated with 6.5.5.8. One Workgroup member raised a concern regarding exceptions to the new definitions, noting that there will be exceptions to the lower threshold of 200kW in Southern Scotland where there are fault level or thermal issues. They noted that in such instances it should revert to 3.68kW/phase. Another Workgroup member echoed these concerns and advised that there may be exceptions required in England and Wales. One Workgroup member noted that any exception should be made clear for new parties to ensure accessibility and transparency. NESO's legal SME agreed to revise the legal text to reflect this.

The Workgroup discussed the requirements of WACM2 in light of the revisions made to the definition of Relevant Embedded Power Stations within section 17 of the original legal text. The Proposer raised concerns over the potential misalignment of definitions between Relevant Small, Medium and Large Embedded Power Stations to those within the Grid Code. They highlighted that if changes were made to thresholds within the Grid Code this could result in a party being classified as two different categories which could cause confusion. Another Workgroup member echoed these concerns and noted that the Workgroup should be mindful of Term of Reference m) to ensure there is clarity for new applicants over which process applies to them.

A NESO representative also queried whether WACM1 was also needed to be raised as an alternative request within CMP435 to align any changes in the legal text, if WACM1 was approved by the Authority. The NESO legal represented confirmed that a Workgroup Alternative Request

[39] In Regulation 2016/631, Recital (3).

[40] "*Harmonised rules for grid connection for power-generating modules should be set out in order to provide a clear legal framework for grid connections, facilitate Union-wide trade in electricity, ensure system security, facilitate the integration of renewable electricity sources, increase competition and allow more efficient use of the network and resources, for the benefit of consumers*."

would not be required if the same definition revisions for Relevant Embedded Power Stations made to Section 17 were also applied to section 18 in the context of CMP435.

The Workgroup agreed the WACM1 legal text. A comparison of differences between WACM1 and the Original legal text can be found in the legal text section below.

WACM2: DNO submission requirement

The Proposer of WACM2 noted they had made minor changes to this WACM2 to align with changes to the Original Proposal. One Workgroup member queried whether all references to DNOs should also apply to transmission connected iDNOs, which the Proposer of WACM2 agreed with. The Workgroup discussed the 'minimum information' that the DNO/ transmission connected iDNO is required to submit to NESO, with significant discussion on where information on this would be located and whether it would be codified. The Workgroup also discussed whether there was any further information that an EG must provide a DNO / transmission connected iDNO in order for the DNO / Transmission connected iDNO to put forward a Gate 2 application or raise a Modification Application for a large EG. It was discussed what the requirements would be for an accepted Distribution offer with the DNO / transmission connected iDNO and potentially the payment of a fee between the Embedded Generator and DNO/transmission connected iDNO. A NESO representative questioned whether DNO / transmission connected iDNO would need any further obligations set out within in the Distribution Code or DNO / transmission connected iDNO Guidance for any additional requirements. It was suggested to see if NESO could add wording into the CUSC legal text to reference an Embedded Generator having to meet/satisfy DNO requirements in addition to the Gate 2 criteria to be put into a Gate 2 application. One Workgroup member requested clarity on what WACM2 proposes to do, as the Original solution was modified following the Alternative being raised. The Proposer of WACM2 clarified that it was to remove the reference to 'reasonable endeavours' within the legal text to obligate DNOs / transmission connected iDNOs to provide the information to NESO. Workgroup members debated whether 'reasonable' or 'best' endeavours would be the most suitable wording within the Original Proposal legal text and NESO concluded that 'reasonable' would be retained.

The Workgroup reviewed the WACM2 legal text, with the Proposer noting they were concerned the drafting of 17.6.5 was confusing and suggesting a change for clarity relating to the DNO's responsibility in conducting transmission readiness checks. The Workgroup discussed what would happen if incomplete applications were received by the DNO/ Transmission connected iDNO, with some Workgroup members noting the application fee would still be applicable, and other Workgroup members querying whether the DNO/ Transmission connected iDNO should be the party determining whether the Gate 2 Criteria is met. One Workgroup member queried the clarity of the timescales in the Gated Application and Offer Process, however the NESO legal SME agreed to cross refer to a specific part of Section 17 for clarity. There was some debate over the 5 Business Days Period, however the Workgroup agreed the issue was resolved within the definition for this term. Due to the revisions made to the original legal text in section 17, the section 17 changes for WACM2 were confirmed to remove the use of the wording "reasonable endeavours", which creates an absolute requirement on the DNO/ Transmission connected iDNO.

The Workgroup agreed the WACM2 legal text. A comparison of differences between WACM2 and the Original legal text can be found in the legal text section below.

WACM3: Capacity reallocation codification

The Workgroup discussed WACM3, with the Proposer of WACM3 noting that the intention of this WACM is so that NESO does not have full discretion to reallocate TEC, Demand capacity and associated works[41] that has been freed up. They suggested that CUSC Section 17 could be amended to add new clauses to clarify that this TEC, Demand capacity and associated works reallocation should be given to the next project in the queue that can utilise the freed-up capacity. The Proposer of WACM3 noted that NESO Guidance would need to be amended to cover how this TEC, Demand capacity and associated works reallocation is undertaken and advised that this could be within the CNDM. One Workgroup member highlighted the need to ensure publication of the Connections queue transparency, and queried whether it should be codified that the queue should be published. One Workgroup member questioned whether NESO already intended to publish post Gate 2 queue positions and if NESO had an issue with publishing this information. Workgroup members, noting the better network outcomes and lower costs to consumers[42] (as endorsed by DESNZ and Ofgem[43]) from transparency asked for transparency in all aspects of these new processes.

Another Workgroup member queried if WACM3 could be incorporated into the Original solution, however this was not incorporated into the solution by NESO.

The Workgroup discussed and agreed the WACM3 legal text. A comparison of differences between WACM3 and the Original legal text can be found in the legal text section below.

WACM4: Codifying restrictions on changes to project site location – "Red Line Boundary" (RLB) – post-Gate 2

The Workgroup discussed WACM4, with the Proposer of WACM4 noting the following suggested legal text amendments to the Original legal text:

- Amendment to CUSC 16.4.9.3 to delete a clause and set out that Red Line Boundary compliance requirements cannot be overridden by any NESO Guidance document;
- Deletion of the last bullet of CUSC 16.5, to remove the option to delay user progression milestones if red line boundary requirements are not met.

One Workgroup member noted the need to consider the interaction between NESO's Guidance document, the codes and proposed three new Methodologies, and consider how this conforms with the statutory rights with respect to terms and conditions for connection.

The Workgroup discussed and agreed the WACM4 legal text. One Workgroup member queried the link to clause 7 of the Construction Agreement but it was clarified that it refers to the mechanism by which there would be a reduction in capacity flows through to parties who are not compliant. A comparison of differences between WACM4 and the Original legal text can be found in the legal text section below.

[41] Which includes bay allocation

[42] As evidenced in the Energy Data Taskforce report (commissioned by DESNZ & Ofgem): Energy Data Taskforce | A Modern Digitalised Energy System

[43] As stated on the DESNZ website: Modernising Energy Data - GOV.UK

WACM5: Remove Project Designation

The Proposer of WACM5 noted that this WACM is simple, and removes Project Designation, keeping all other elements of the Original Proposal. They noted that they may withdraw WACM5 at a later date, however another Workgroup member noted that this WACM would be useful to gather industry feedback on Project Designation within the Code Administrator Consultation, which the Workgroup member felt would be useful for the Authority in making their decision on the modification. The Proposer ultimately did not withdraw WACM5.

The Workgroup discussed and agreed the WACM5 legal text. A comparison of differences between WACM5 and the Original legal text can be found in the legal text section below.

WACM6: Obligation to Codify the Methodologies and Guidance Documents under Connection Reform

The Workgroup discussed WACM6, with several Workgroup members requesting clarity on what this WACM aims to achieve. It was clarified that the WACM would place an obligation on NESO to raise a code modification to codify the three proposed new Methodologies and Guidance documents associated with CMP434 within 18 months of the implementation date of CMP434. Several Workgroup members queried why this obligation should be placed on NESO, especially when the intention of NESO is for the requirements to remain in the three Methodologies and Guidance documents. Workgroup members expressed strong concerns over this obligation and suggested they would feel more comfortable with the suggestion of seeking a direction from the Authority rather than adding an obligation into the CUSC. Workgroup members queried where an obligation such as this would be placed within the CUSC, and that legal expertise would be best to advise on this. One Workgroup member suggested that WACM6 could be amended to place an obligation on NESO to review the three Methodologies within 12 months, and report this to industry within a further 4 months[44] of the implementation date of CMP434, so other parties could then raise a code modification if they wished to do so.

The Workgroup further discussed WACM6 and agreed that it may not be appropriate to place an obligation on NESO to raise a code modification for something they may not be in favour of. It was suggested that the WACM could be amended to obligate NESO to undertake a review of the new connections process to capture lessons learnt, publish the output of the review and present it to TCMF and the CUSC Panel, and obligate the CUSC Panel to determine whether to submit the output of the review to a Standing Group. Workgroup members were in favour of amending WACM6 to reflect this.

When reviewing the legal text, the purpose of the review was queried. One Workgroup member noted that they believed the review was to understand the practical application of the TMO4+ connection reform changes in light of the first batched process and application windows, and to review whether it works as intended. A NESO representative queried whether the timelines set out were correct, as the wording may have resulted in a longer period of time than the Proposer had originally intended, a revision was discussed and agreed to amend this. The Workgroup agreed the WACM6 legal text. A comparison of differences between WACM6 and the Original legal text can be found in the legal text section below.

[44] So 16 months in total, from the date of implementation.

WACM7: Introduction of a pause for market self-regulation before NESO/TO undertake the network assessment

The Proposer of WACM7 noted that they raised a similar Alternative within CMP435, which is now (CMP435) WACM1. They highlighted that the main aim of this WACM7 was for a pause for Gate 2 qualified applicants to assess the viability of their projects in light of their competitors updated information and publication of Gate 2 compliance checks (including any revised TEC or technology change requests) being published which would allow parties to withdraw, proceed or in the context of CMP435 apply for acceleration, based on a better view of the connections queue. Several Workgroup members felt that a 4 week pause as too long and one Workgroup member suggested that on an enduring basis a pause of 10 Business Days felt sufficient, which was agreed with the Proposer of WACM7. The Proposer of WACM7 noted that most of the benefit will be delivered through CMP435 WACM1, if approved, however information would flow back through into CMP434. One Workgroup member noted the risk of Authority rejection of this WACM due to the additional time it adds to the process. A NESO representative noted that it is unlikely that the CMP434 and CMP435 application windows will overlap. Workgroup members discussed how WACM7 could be implemented into the CUSC without timescales. A NESO representative felt this could be possible if 'pre' and 'post' wording of a particular stage of the process was included.

When discussing WACM7 in Workgroup meeting 33, the Proposer queried whether WACM7 is still required, or whether the intent and main benefits were covered within CMP435 WACM1.The Proposer of WACM7 noted that this WACM would provide the opportunity for parties to see published installed capacity from other applicants. Other Workgroup members noted that it would be useful for both code modifications to have WACMs to be reflective of one another, and to ensure the solutions would be operable.

The Workgroup discussed and agreed the WACM7 legal text, amending the list of elements to be published, to mirror what was agreed in the CMP435 WACM1 legal text. A comparison of differences between WACM7 and the Original legal text can be found in the legal text section below.

Consideration of options which are no longer part of the Proposal

Gate 1 Financial Instrument

The Proposer stated in their initial proposal that they would keep the use of financial instruments, at the Gate 1 application stage, under consideration. In the early Workgroup phase, prior to the Workgroup Consultation, the Proposer presented the concept of a Gate 1 Capacity Holding Payment; a £/MW payment to incentivise timely progression between Gate 1 and Gate 2, to (i) discourage multiple speculative applications and (ii) encourage only viable projects to enter and remain in the connections process.

The Proposer asked for views from the Workgroup as to whether this would be best implemented as a Charge or a Security. The Workgroup raised concerns with the concept of this payment in either form; however, it was generally agreed that, of the two options, a Security was the only option that could be explored further within the scope of this modification. A Charge would not be deemed cost reflective and would also require a separate Urgent code modification to CUSC Section 14.

The Proposer further developed the Capacity Holding Security as a potential solution and explained that this would secure against any anticipatory investment undertaken based on the pool of Gate 1 projects and DFTC submissions.

The Workgroup raised concerns with the intention for a Capacity Holding Security, with some noting that the flat rate cost would be disproportionate to different projects and could be prohibitive for some projects. Several Workgroup members noted that they thought this should be included in a separate modification to allow time to develop the detail of the change and to assess the impacts.

In light of this feedback, the Proposer decided to remove the Capacity Holding Security from their proposed solution and instead proposed a 'longstop' date in relation to any Gate 1 offer that is accepted by a developer. The Proposer also noted that they would keep financial instruments under review and could potentially raise a separate code modification at some point in future after further consideration.

This part of the solution was de-scoped prior to Workgroup Consultation based on Workgroup feedback, and therefore was not consulted on.

Gate 2 Financial Instrument

In the initial proposal, the Proposer stated they would keep under consideration the use of financial instruments, at the Gate 2 application stage, to (if required) further strengthen the Gate 2 criteria (e.g., in addition to User Commitment, introducing some form of capacity holding securities from Gate 2 through to connection) to encourage only viable projects to remain in the connections process. After further consideration, this was not developed as an option in addition to the proposed Gate 2 criteria. The Proposer believes that their intention that the Queue Management Milestone(s), forward calculated from the Gate 2 offer acceptance date, will encourage timely progression. This context was shared with the Workgroup and the Workgroup agreed there should not be an additional financial instrument introduced at this stage of the process. The Proposer also noted that they would keep financial instruments under review and could potentially raise a separate code modification at some point in future after further consideration.

This part of the solution was de-scoped prior to Workgroup Consultation based off Workgroup feedback, and therefore was not consulted on.

Element 7: Fast Track Disagreement Resolution Process

Within their Original Proposal, the Proposer advised that there would be a process to resolve simple disagreements for both Gate 1 and Gate 2 applications, noting several worked examples and a proposed timeline for this, and advising that clerical errors would be dealt with using competency checks. The Workgroup requested another deadline for changes to applications, to allow clerical errors to be resolved. The Workgroup queried why an applicant would use this resolution process rather than the current CUSC disputes process. The Proposer clarified that this disagreement resolution process would not be codified and was being introduced as a NESO led process to fast-track disagreements (between NESO and the recipient of the connection offer, at Gate 1 or Gate 2) but noted that applicants could still use the existing disputes process. The Workgroup asked if the resolution process could involve a shorter window, so all applicants get the same time to resolve disagreements.

After discussion with the Workgroup, NESO decided to remove the fast-track dispute process from the proposals and instead rely on the existing codified dispute process. However, an optional and informal fast track resolution process (for dealing with disagreements between NESO and applicants) will continue to be developed to optionally supplement the additional codified process.

When asked in the Workgroup Consultation, 36 respondents were in favour of this Element, whilst 17 disagreed.

Some respondents believed the existing CUSC disputes process is fit for purpose. Other respondents noted that a codified process should be developed for a fast-track process, however several respondents were unclear as to how the fast track process would differ from the existing CUSC disputes process.

The Proposer considered the Workgroup Consultation feedback, advising that their intention is for Element 7 to remain de-scoped from the Proposal. The Workgroup did not have any further comments on this.

Element 8: Longstop Date for Gate 1 Agreements

Within their Original Proposal, the Proposer advised that a longstop date would be incorporated into their proposal to replace their initial concept of the Gate 1 capacity holding security[45]. The longstop date was proposed to place a time limit between the Gate 1 offer acceptance being signed by the developer and the Gate 2 offer acceptance being signed by that developer, with the time limit being a forward calculated date of 3 years, which NESO would have discretion to extend. The Proposer clarified that the longstop date was being introduced to discourage projects from spending a long time in Gate 1, and not progressing to Gate 2, which has an impact on anticipatory network planning. Workgroup members stated that they thought indicative connection dates may far exceed the 3 years proposed and noted that a majority of projects may need to extend their Gate 1 offer. The Workgroup noted a number of different timescale implications based on the dates used to calculate the longstop date and interactions with the Milestones, meaning that a User would have just over two years from signature of the Gate 1 offer to demonstrating compliance, by their project, with the Gate 2 criteria. It was noted that an option would be to base the deadline on when the applicant meets the Gate 2 criteria, rather than when the developer accepts the Gate 2 offer.

When asked in the Workgroup Consultation, 44 respondents were in favour of this Element, whilst 19 disagreed. Two responses were from industry bodies, who noted that their members had opposing views on this Element.

Some respondents agreed with the principle of a deadline, however others noted that a 3-year longstop may have a disproportionate impact on some projects, with some respondents noting that the length of longstop date should be determined by project type. Some respondents requested clarity on why 3 years had been selected (by the Proposer) as a longstop date.

The Proposer considered the Workgroup Consultation feedback on Element 8 and advised that they have removed the Longstop Date from their Proposal. They noted that in light of the deliberations at the Connections Delivery Board in July 2024, the Ofgem blog of August 2024 and Ofgem's September 2024 Open Letter that they (NESO) was considering raising a subsequent modification relating to Financial Instruments. NESO subsequently outlined to the Transmission Charging Methodologies Forum (TCMF) on 11 October 2024 its thinking regarding a possible financial instruments modification. However, at the time of publication of this document, no Connections Financial Instruments modification has formally been raised.

Element 14: Gate 2 Offer and Project Site Location Change

[45] Which was referenced, in the proposal form, as a financial instrument (see sections on Gate 1 Financial Instrument and Gate 2 Financial Instrument, within consideration of options no longer in scope of this modification).

Within their Original Proposal, the Proposer advised that they were considering allowing a 12 month time period following the Gate 2 offer (i.e. the point at which the contract offer is provided to a developer after the submission of their application and once they have met the Gate 2 criteria) acceptance date where they would allow developers to move their project site closer to the connection point offered at Gate 2, without affecting their queue position. This was planned to only apply to those contracts where the connection point offered at Gate 2 is different to what was requested in the developer's Gate 2 application.

The Workgroup noted that they did not believe this was necessary and noted that it could lead to gaming of the system. It was also noted by The Workgroup that this option would not be available to Distribution connected applicants. Participants noted that project site changes would not be necessary if more information from NESO was contained within Gate 1 offers.

When asked in the Workgroup Consultation, 34 respondents were in favour of this Element, whilst 28 disagreed. One respondent both agreed and disagreed with this Element.

Some respondents believed the 12-month window allowed for location change would be too short. One respondent noted that the risk of needing to change location could be mitigated through better Gate 1 offers and improving publicly available data. Some respondents were concerned that this option could be unviable for Offshore projects, which would be significantly impacted by a change in connection location. Other respondents were also not convinced of the need for Element 14 within MVP.

The Proposer therefore amended their proposal to descope the 12-month window after acceptance of a Gate 2 offer to move the project site location.

Some Workgroup members had queries about how projects could be sure of their red line boundaries after Gate 1. The Proposer clarified that removing this from their Proposal would not stop projects from moving location between Gate 1 and Gate 2 but would prevent them from moving after receiving and accepting a Gate 2 offer.

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 aligned to the Gate 1 Application Window

Within their Original Proposal, the Proposer outlined an intended DFTC scope and submission process, noting that DNOs and transmission connected iDNOs would be responsible for using best endeavors when forecasting the transmission capacity they are submitting via the DFTC mechanism. The Proposer noted that the DFTC submission template and guidance around completing the template would be determined outside of CMP434 in an ENA governed guidance document. The ENA document was also intended to provide guidance for how DNOs and transmission connected iDNOs put Relevant Embedded Small/Medium Power Stations into NESO's Gate 2 application process. The Workgroup queried if it was appropriate for this to be housed in an ENA owned document.

Prior to the Workgroup Consultation, the Workgroup noted that they thought the concept of DFTC should not be covered within the scope of this modification, as they did not think it was necessary. Part of the Workgroup disagreed with this and advised that DFTC should be in place in 2024. The Workgroup also had discussions around whether it was appropriate to use the Grid Code definitions for Small, Medium and Large Power Stations to help with defining which sizes of projects, connecting at distribution, could utilise the DFTC submission route (via either a DNO or

transmission connected iDNO, as appropriate). The Workgroup agreed that these definitions could be used, however part of the Workgroup highlighted the potential change in thresholds with modification GC0117[46].

The Workgroup queried why a Large Embedded Power Station would not be included in the DFTC process. The Proposer confirmed that the ENA led DFTC Working Group agreed that Large Embedded Power Stations were out of scope of DFTC as NESO has a direct contractual relationship with Large Embedded projects and noting that the impact a Large Embedded Power Station could have on the NETS is different across the three TO areas and compared to relevant embedded Small/Medium Power Stations.

The Workgroup noted that they thought the best time for a relevant Small/Medium Power Station applicant to apply for a BEGA was at Gate 2, to reduce the risk of double counting in the network design assessment. Part of the Workgroup noted that the application for a BEGA for Small/Medium Power Stations should not go through the Primary Process.

It was also queried if the DFTC would be forecast one year ahead. The Proposer confirmed this was intended to be an annual submission but noted that they would wish to extend this in the future where possible.

The Workgroup also had queries regarding the impact on Gate 2 applications if the DNO or transmission connected iDNO were to miscalculate the transmission capacity in their DFTC submission, especially given that TOs may use information for anticipatory investment, and noting that offering additional transmission capacity above what was forecast could be discriminatory towards transmission connecting projects due to distribution projects not being subject to charges for anticipatory investment studies.

Following Workgroup queries, the Proposer noted that the initial purpose of the DFTC was to allocate Gate 1 capacity under previous proposals (TMO4); however, this evolved under TMO4+ to be an information exchange between NESO and TOs and to assist with efficient and coordinated network planning, akin to the Grid Code Week 24 process.

When asked in the Workgroup Consultation, 37 respondents were in favour of this element, whilst 13 disagreed.

Respondents noted they would like the DFTC methodology to be available ahead of implementation and highlighted the need for transparency when reporting capacity allocated under DFTC process. Some respondents queried the possibility of including the data in the 'Week 24' / 'Week 50' requirements on Network Operators rather than as part of CMP434.

The Proposer considered the feedback from the Workgroup Consultation, and changed their Proposal to descope DFTC, meaning that Embedded Customers can only apply for a Gate 2 offer via their DNO/Transmission Connected iDNO. The Proposer also advised of a change to make BEGA applications for Small/Medium Embedded customers only a Gate 2 application, which can be submitted to the DNO or transmission connected iDNO at any point in the year. BEGA/BELLA

[46] The GC0117 Original Proposal would define Large Power Stations as 10MW and above and Small Power Stations as less than 10MW. For new connections, there would be no concept of Medium Power Stations. The GC0117 WAGCM would set the threshold in Scotland to the same as in England & Wales. If approved this proposal would be expected to apply, for new applications, from June 2027.

applications for Large Embedded Generators can either follow this process or additionally apply for a Gate 1 offer by submitting an application to NESO in the application window.

Several Workgroup members raised concerns on the limited timescales for applications and queried the new process. NESO clarified that the process follows what is currently BAU but noted that applications will be progressed as part of the Gate 2 process.

Final Legal text

The final legal text for this change can be found in **Annex 16**.

Legal text for the CMP434 Original solution covers changes to CUSC Sections 1, 2, 3, 6, 9, 11, 16 and creation of Section 17, changes to Exhibits B, C, D, E, I, J, Q, R, U and V, and Schedule 2 Exhibits 1, 1A, 2, 3, 3A and 5. The below table outlines differences between the Original legal text in comparison to the WACMs.

WACM	Legal text differences, in comparison to the Original solution
WACM1: Clarification of Embedded Definition	**Section 6**: Amendment to 6.5.1(b) to change reference from Relevant Embedded Power Stations to Category 1 Power Stations **Section 11**: Addition of definitions of "Category 1 Embedded Power Station" and "Category 2 Embedded Power Station", Removal of definitions of "Relevant Embedded Small Power Station" and "Relevant Embedded Medium Power Station"
WACM2: DNO Submission Requirement	**Section 6**: Removal of wording in 6.5.5.1 'as soon as reasonably practicable' and amended to reflect the timescales specified within the Gated Application and Offer Process. **Section 17:** Amendment to 17.6.6 in (a) and (b) to remove the wording "reasonable endeavours"
WACM3: Capacity Reallocation Codification	**Section 17**: Addition of 17.11.2 to outline how released capacity can be reallocated
WACM4: Codifying restrictions on changes to project site location – "Red Line Boundary" (RLB) – post-Gate 2	**Section 16**: Deletion of new clause 16.4.9.3.2 and 16.4.9.3A within Original Proposal, amendment of 16.4.9.3.3 within Original Proposal to set out that Red Line Boundary compliance requirements cannot be overridden by any NESO Guidance document, deletion of the last bullet of CUSC 16.5, to remove the option to delay user progression milestones if Red Line Boundary requirements are not met **Schedule 2 Exhibits 3 and 3A**: Amendments to clause 7 to remove 'other than as it may be changed under the Queue Management Guidance'
WACM5: Remove Project Designation	**Section 11**: Removal of definition for "Project Designation Methodology"

	Section 17: Amendment to 17.11 to remove reference to the Project Designation Methodology
WACM6: Obligation to Codify the Methodologies and Guidance Documents under Connection Reform	**Section 11**: Addition of definitions of "Gated Methodologies", "Guidance Documents", "Material Technology Change Guidance" and "Modification Guidance" **Section 17**: Addition of 17.15 to obligate NESO to undertake a review of the new connections process, publish this to industry and present the outcomes to the CUSC Panel and Transmission Charging Methodology Forum who shall determine if this shall be submitted to a Standing Group
WACM7: Introduction of a pause for market self-regulation before NESO/TOs undertake the network assessment	**Section 11**: Addition of definitions of "Gate 2 Information" and "Gate 2 Register" **Section 17**: Addition of 17.7.10 which introduces a pause between the assessment of the Gated Applications and Gated Design Process and obligates NESO to publish Gate 2 Information on the Gate 2 Application Register to provide visibility to industry

What is the impact of this change?

Proposer's assessment against Code Objectives

Proposer's assessment against CUSC Non-Charging Objectives	
Relevant Objectives	**Identified impact**
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	**Positive** Introduces an application based and gated connections process that is able to prioritise readier and/or more viable projects enabling us to help the government to meet its net zero targets and is future proofed to support more strategic network planning activities. Currently, project developers are waiting too long to connect, and this is hindering progress to deliver net zero. This new process will support a broader change to deliver better outcomes.

	Application windows allow a more coordinated network design closely aligned with NESO's current and future strategic planning activities and that facilitate anticipatory investment to ensure transmission works are delivered efficiently.
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;	**Positive** Contributes to facilitating quicker connections for readier and more viable projects which are needed to deliver net zero (as above). Currently, project developers are waiting too long to connect, and this is hindering progress to deliver net zero. Allocating connections dates and locations to Gate 2 projects is expected to result in more and earlier connections.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	**Neutral**
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	**Positive** The more coordinated and efficient network design for connections also delivers benefits for customers and consumers as allocates capacity more efficiently to projects that are ready to proceed and studying connections applications in batches should lead to lower overall costs. The new process also provides industry participants, including network companies, with greater structure and ability to plan through only providing full/confirmed offers to readier and more viable projects through the new arrangements, including by slowing the rate at which new projects can enter the queue relative to current arrangements.
*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.	

Workgroup Vote

The Workgroup met on 04 November 2024 to carry out their Workgroup vote. The full Workgroup vote can be found in **Annex 11**. The table below provides a summary of the Workgroup members view on the best option to implement this change.

The Applicable CUSC (non-charging) Objectives are:

CUSC non-charging objectives

a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;

b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;

c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and

d) Promoting efficiency in the implementation and administration of the CUSC arrangements.

*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

The Workgroup concluded by majority that the Original, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 and WACM7 better facilitated the Applicable Objectives than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	26
WACM1	21
WACM2	22
WACM3	27
WACM4	23
WACM5	19
WACM6	23
WACM7	24

Public

Code Administrator Consultation Summary

The Code Administrator Consultation was issued on the 08 November 2024 closed on 26 November 2024 and received forty-three non-confidential responses including one late response. Eight confidential responses were also received. A summary of the non-confidential responses can be found in the table below. A more detailed summary and the full responses can be found in **Annex 14**.

Code Administrator Consultation summary

Do you believe that the CMP434 Original Proposal, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 or WACM7 better facilitate the Applicable CUSC Objectives?

The following numbers of respondents noted that the Original and WACMs better facilitate the CUSC non-charging objectives:

CUSC non-charging objectives				
	a)	**b)**	**c)**	**d)**
Original	37	33	10	36
WACM1	25	24	6	24
WACM2	30	29	6	26
WACM3	30	32	6	29
WACM4	27	28	6	27
WACM5	23	23	6	22
WACM6	31	30	7	29
WACM7	29	33	7	27

The following numbers of respondents indicated a preferred proposed solution (Please note, several respondents had multiple preferred solutions, so the total number in this table does not add up to the total number of respondents):

Solution	**Number of respondents indicating this as their preferred solution**
Original	18
WACM1	11
WACM2	11

WACM3	8
WACM4	4
WACM5	4
WACM6	12
WACM7	8
Baseline	2
No preference	3

Do you support the proposed implementation approach?

Thirty-four Respondents stated they support the proposed implementation approach, seven respondents disagreed with the approach and three respondents did not answer. The following are a summary of general comments made about the approach:

- Recognised as necessary for reform, addressing connection challenges, and expediting projects for GB's climate goals.
- Complex with multiple interdependencies, requiring clarity on management and potential additional code changes.
- Ongoing flexibility is essential to accommodate adjustments and ensure CP2030 objectives remain achievable.
- Concerns about ambitious timelines, lack of clear dates and NESO's ability to resource the implementation, particularly with overlapping windows, and opposition to additional transitional fees.

Do you have any other comments?

Support for Reform and the Original Proposal
Many respondents agreed the Original proposal and the need for reform are essential to address inefficiencies in the current connections process.

Concerns About Methodologies and Codification
Several respondents' expressed concerns about the reliance on methodologies and guidance documents that are not codified within the CUSC.
A number of respondents called for more transparency and the need for methodologies to be subject to robust governance and industry input.

Project Designation and Capacity Reservation
There were mixed views on the inclusion of project designation and capacity reservation powers for NESO. Some respondents believed these powers are necessary for strategic planning, while others feared they could lead to unfair advantages and market distortions.

Implementation and Timelines
Many respondents highlighted the need for clear and realistic implementation timelines. There were concerns about the ambitious timelines proposed and the necessity for adequate notice and preparation time.
The importance of a smooth transition and the need to avoid overlaps between different implementation phases were emphasised.

Embedded Generation and DNO Processes
There were significant concerns about the impact of the proposed changes on embedded generation projects and the role of DNOs.
Respondents called for clearer processes and obligations for DNOs to ensure that embedded generation projects are not disadvantaged.

Queue Management and Milestones
The need for effective queue management and clear milestones was a recurring theme. There were concerns about the current milestones being fit for purpose and the potential for projects to be delayed or disadvantaged.
Some respondents suggested that the queue management process needs to be reviewed and potentially revised to align better with the new proposals.

Support for Specific WACMs
Various respondents expressed support for specific combinations of Workgroup Alternative CUSC Modifications (WACMs).

Need for Continuous Improvement and Flexibility
There was a recognition that the proposed changes are a step in the right direction, but there was also a call for continuous improvement and flexibility to adapt to future needs and challenges.
The importance of learning from the implementation and refining the processes based on feedback and practical experience was emphasised.

Legal text issues raised in the consultation

A summary of the legal text queries raised through the Code Administrator Consultation along with the NESO responses can be found in **Annex 15.** The final legal text can be found in **Annex 16**.

EBR issues raised in the consultation

Thirty-three respondents agreed with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR).

Seven respondents gave no response, one respondent ticked yes and no, and one respondent felt they were unable to answer the question.

One respondent believed there was an EBR impact and gave the following comment:

This will delay progressive users to get on the system to manage the balancing of the system with clean energy.

One respondent did not give a definitive answer leaving the following comment:

No assessment. Consultation period extraordinarily short.

NESO response to EBR issues raised in the Code Administrator Consultation:

The Workgroup reviewed whether there was an EBR impact as part of their Terms of Reference and concluded that there was no impact. CUSC Exhibit Y shows mapping of CUSC Sections to the EBR Article 18 Terms and Conditions for Balancing Services Providers and Balancing Responsible Parties to the CUSC. No legal text sections identified within the CUSC Exhibit Y mapping table are impacted as part of CMP434. The Code Administrator Consultation therefore is not required to meet the minimum consultation requirements of the Electricity Balancing Regulations.

Panel Recommendation vote

The Panel met on the 20 December 2024 to carry out their recommendation vote.

They assessed whether a change should be made to the CUSC by assessing the proposed change and any alternatives against the Applicable Objectives.

Panel comments on Legal text

Ahead of the vote taking place, the Panel considered the legal text amendments proposed as part of the Code Administrator Consultation and determined that they were either typographical or not required. A summary of the legal text changes made can be found in **Annex 15**.

The final legal text for this change can be found in **Annex 16**.

Panel comments on EBR impacts

The Panel did not raise any concerns around the NESO response to the comments on EBR impacts when they met on the 20 December 2024 to carry out their recommendation vote.

Vote 1: Does the Original, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 or WACM7 facilitate the Applicable Objectives better than the Baseline?

Panel Member: **Andy Pace, Users Panel Member**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Y	Y	-	Y	Y
WACM1	Y	Y	-	Y	Y
WACM2	Y	Y	-	Y	Y

WACM3	Y	Y	-	Y	Y
WACM4	Y	Y	-	Y	Y
WACM5	Y	Y	-	Y	Y
WACM6	Y	Y	-	Y	Y
WACM7	Y	Y	-	Y	Y

Voting Statement

CMP434 implements the connection reforms which introduces a two gated process and two application windows each year. These changes are needed to improve the connection process which is unable to cope with the large number of applications being received each month and risks having a connections queue that does not reflect the best possible outcomes for energy consumers. We have assessed this modification against the non-charging objectives as follows:

(a) This change improves the current connection process and will only allow those sites that are ready and able to connect to progress, and prevent sites that are not ready to connect from holding up the connection process for others. We therefore assess this mod as enabling the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence by improving the efficiency of the connection process.

(b) CMP43 will allow more sites to connect to the transmission system in a more timely manner. Enabling more connections will create more competition in generation and supply to the ultimate benefit of consumers and in meeting net zero and the Clean Power 2030 target. We therefore assess this mod as positive against noncharging objective (b) by facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

(c) Neutral

(d) Applying the connection reforms retrospectively (as enabled by CMP435) will result in a more efficient connection process and therefore promotes efficiency in the implementation and administration of the CUSC arrangements.

There are seven alternatives proposed which each vary the original in different ways, and independently of each other. We have assessed each one below. Because all WACMs have the Original solution in common we assess all the WACMs as better meeting the applicable charging objectives than the current baseline. We comment on the individual merits of each WACM and highlight our preferred alternative as **WACM7**:

WACM1: Clarification of Embedded Definition - Changes the definition of Embedded schemes that are covered by the Primary Process to be defined by capacity rather than referencing Relevant Small, Medium and Large Power stations. - We see this change as **an improvement on the original** as it provides a more transparent and consistent clarification of the applicability of the scheme to embedded sites.

WACM2: DNO Submission Requirement - Changes the obligation of DNOs and IDNOs in respect of the inclusion of all applicable Embedded Projects that provide a valid Gate 2 compliance application and evidence submission within the Gated Application Window, as part of the DNO/IDNOs fully completed Gate 2 Application to NESO. - We believe placing an absolute obligation on DNOs could be beneficial and rate this WACM as better than the original.

WACM3: Capacity Reallocation Codification – Adds in codifying a Capacity Reallocation mechanism to allow terminated capacity to be offered to the next contracted project that has passed Gate 2 and is able to utilise the released capacity. This would remove NESO's ability to utilise Project Designation or Connection Point and Capacity Reservation in respect of reallocating terminated capacity. - We do not think that codifying a capacity reallocation mechanism would be beneficial and could introduce significant complexity that may undermine the intention of the change and place restrictions on NESO would could result in a less efficient process, so this is **not a preferred alternative**

WACM4: Codifying restrictions on changes to project site location – "Red Line Boundary" (RLB) – post-Gate 2 - This option is in line with the Original Proposal, except for codifying the proposed restrictions on changes to project Red Line Boundary post-Gate 2, rather than housing the restrictions in the proposed Gate 2 Criteria Methodology. - We believe, codifying the restrictions would place restrictions on NESO could result in a less efficient process, so this is **not a preferred alternative**.

WACM5: Remove Project Designation - This option is in line with the Original Proposal except for the removal of Element 9: Project Designation. - Element 9 allows for the prioritisation of certain connections that are critical for security of supply, critical to the system operator or materially decrease system/ network constraints. - Removing this element would not allow for these connections to be accelerated even though they are ultimately beneficial to running the network efficiently and to the benefit of consumers. We therefore **do not prefer this alternative** to the original proposal.

WACM6: Obligation to Codify the Methodologies and Guidance Documents under Connection Reform - Adds an obligation on NESO to undertake and report on a review of the new connections process, to allow stakeholders to assess whether a code modification is required to codify the Methodologies and Guidance documents. - We do not believe that this obligation should sit within CUSC and NESO should undertake this type of review as part of their ongoing work to improve the connection process. We therefore **do not prefer this alternative** to the original proposal.

WACM7: This option is in line with the Original Proposal but introduces a pause for market self-regulation prior to NESO/TO network assessment occurring, to allow for greater visibility of competitor projects - Given the importance of CMP434 and the high impact on connectees, we believe that a pause and reassessment would be beneficial for Users and also may result in less projects needing to be assessed by NESO, which could result in a more streamlined and efficient process. **We therefore support this mod and overall this is our preferred WACM.**

As Citizens Advice has advocated throughout the code reform process, we are concerned that CMP434 presents a common issue. Our view is that Ofgem should be able to select options from a menu of WACMs in which it can pull together all compatible options to produce the best possible outcome for consumers. Instead, Ofgem, out of a possible 8 options (7 WACMs plus the Original), can only select to implement one solution, potentially excluding positive elements contained within others unless Ofgem decides to send the modification back, which would delay connections reform. It is our view that the best solution, may well be a combination of 2 or more WACMs and encourage Ofgem to address this in its code reform decisions

Panel Member: **Binoy Dharsi, Users Panel Member**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Y	N	-	Y	Y
WACM1	N	N	-	N	N
WACM2	N	N	-	N	N
WACM3	Y	Y	-	Y	Y
WACM4	Y	Y	-	Y	Y
WACM5	N	N	-	N	N
WACM6	Y	Y	-	Y	Y
WACM7	Y	Y	-	Y	Y

Voting Statement

It is absolutely clear that a significant amount of effort has been put in by the NESO and workgroup members for this modification. In determining which of the options is best I balanced the requirement to expedite the modification to the timescales set against areas that would be supplemented and supported areas where codification cannot be achieved through methodology changes. I therefore believe that WACM6 satisfies this balance more than the Original or other WACMs. For the original proposal I have voted against objective b) because there is a risk that Gate 2 methodology and the CP30/SSEP could remove perfectly viable projects against that planned.

Panel Member: **Dan Arrowsmith, National Energy System Operator**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)

Original	Y	Y	-	Y	Y
WACM1	Y	Y	-	N	Y
WACM2	Y	Y	-	-	Y
WACM3	N	Y	-	Y	Y
WACM4	Y	Y	-	Y	Y
WACM5	Y	Y	-	Y	Y
WACM6	Y	Y	-	Y	Y
WACM7	Y	Y	-	Y	Y

Voting Statement

NESO believes that the Original Proposal better facilitates the applicable objectives (a), (b) and (d) and therefore is better than the current baseline.

The Original Proposal allows a new queue to be made up of readier and more viable projects to enable delivery of the government's clean power and net zero targets. The proposal contributes to the facilitation of quicker connections for those projects that are ready and viable by removing speculative and stalled projects from the connections queue. The original proposal plays a key role in enabling the development of a coordinated and efficient network design for connections, delivering benefits to both customers and consumers.

NESO believes that WACMs 1 to 7 are better than the baseline, as they align (to a greater or lesser extent) with the Original Proposal and are materially similar in places. However, we do have concerns with each of the WACMs, (some material) and therefore we do not believe that any of these WACMs surpass the Original Proposal in terms of better facilitating the CUSC objectives.

WACM 1: for AO (b) its introduction could cause confusion by hosting differing definitions and thresholds across two industry codes, complicating matters for new system users. There could also be potential for unintended consequences and increased complexity.

WACM 2: regarding AO (d), it may be more efficient to address this obligation outside of the CUSC, as DNO/transmission-connected iDNO customers, who may require this obligation, are not always parties to the CUSC. Therefore, another route might better meet this requirement.

WACM 3: NESO considers WACM 3 to not better facilitate applicable objective (a) as it would constrain the Methodologies causing misalignment with NESO's broader objectives.

WACM 4: the absence of exemptions related to ongoing compliance could result in unintended consequences, potentially affecting project viability due to minor non-compliance

WACM 5: this, in NESO's view, is the WACM which could cause the most material adverse consequences within the TMO4+ proposals. While it is materially similar to the Original Proposal, we believe that including Project Designation within the overall proposals would facilitate better network outcomes, greater system security, and a more efficient connection process, delivering

the best outcomes for consumers. Although WACM 5 is still better than the baseline, it has the potential to introduce material detrimental unintended consequences on factors such as security of supply, network efficiency, and consumers.

WACM 6: NESO believes the relevant Licences should set out the expectations for reviewing and revising the Methodologies, rather than the CUSC, as they are proposed to be derived from such Licences. It appears WACM 6's ultimate intent is to codify the Methodologies, which would hinder NESO's ability to make efficient /decisive changes and our ability to comply with current and future obligations.

WACM 7: NESO acknowledges that this could provide some transparency and potentially facilitate competition, we believe that overall, WACM 7 would extend the process and add unnecessary complexity to the Original Proposal.

Panel Member: **Garth Graham, Users Panel Member**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Y	Y	-	Y	Y
WACM1	N	N	N	N	N
WACM2	Y	Y	-	Y	Y
WACM3	Y	Y	-	Y	Y
WACM4	Y	Y	-	Y	Y
WACM5	Y	Y	-	Y	Y
WACM6	Y	Y	-	Y	Y
WACM7	Y	Y	-	Y	Y

Voting Statement

Before addressing my reasons for voting, I thought it important to recognise the substantial stakeholder engagement; from the NESO, Ofgem, Workgroup members, along with their Alternates, Observers and consultation respondents; that has been provided to get both CMP434 and CMP435 to this place since the spring of this year.

In the past (such as CMP213, Project TransmiT) a financial approximation of the industry's collective effort has been prepared. Applying the same approach as in the past and using the (updating) daily rate; which includes salary, NI, pension, overheads etc., based on the middle of the five positions shown ('senior member of staff') in Table 3.1 of the NESO charging statement for 2024/25.

(https://www.neso.energy/document/315656/download)

The results are as follows:

	Total (£)	Avg Cost per WG	Avg Attendees Per WG
Joint WG 1	£91,096	£91,096	121
CMP434	£1,994,848	£60,450	41
CMP435	£1,618,112	£59,930	46
CMP434 Consultations	£482,500		
CMP435 Consultations	£405,300		
Total	£4,591,856		

This assumes that each Workgroup attendee provided two days of effort per meeting (and for Alternates and Observers it was one day) to reflect (i) their attendance on the day itself, (ii) their pre-meeting work / post-meeting work in terms of reading / responding to the slides, the query log, emails, the draft documentation etc., and (iii) any liaison undertaken with internal and external colleagues on matters arising. For consultation responses (to the two undertaken) this was based on five days per response, to reflect the totality of the combined efforts, within each responding organisation.

Legality

I am aware, from the joint letter from DESNZ and Ofgem, along with statements attributed to the Authority chair and the Chief Strategy & Regulation Officer of the NESO (in recent Utility Week articles) that there are concerns as to the legality of the proposed TM04+ changes, in whole or in part, which will necessitate legislative changes (to ensure a legally robust approach is implemented). The TM04+ changes include CMP434 (and CMP435).

I am not privy to the details of these legality concerns that DESNZ, the Authority and the NESO have. For example, the only reference to this in the early December publication "Clean Power Action Plan Connection Reform Annex" appears, briefly, at the bottom of page 4.

(https://assets.publishing.service.gov.uk/media/675c0b261857548bccbcf99d/clean-power-2030-connections-reform-annexi.pdf)

It is therefore not clear, at this time, if those concerns centre, for example, on (i) matters pertaining to 'legitimate expectations' on the part of existing Users (who have existing contracts,

issued in accordance with the CUSC, from the NESO) or, more widely, on (ii) matters pertaining to the procedure followed, compliance with due process and reasonableness, or (iii) both.

That having been said, I do have broad concern in respect of (ii); whilst recognising that some stakeholders have made the case why they believe that (i) may also be relevant; about the legality of the proposed TM04+ changes, in whole and in part, which I set out below as they relate to CMP434 (and CMP435).

It is therefore distinctly possible, as a result of these broad legal concerns; that appear to be shared, in some measure, by DESNZ, the Authority and the NESO; that the CMP434 (and / or CMP435) Original proposal (and therefore the WACMs) may be judged 'ultra vires' (absent the legislative changes that those three organisations have identified).

However, I have considered the CMP434 (and, separately, CMP435) Original proposal and the WACMs (except CMP434 WACM1) on the basis that this is not the case, notwithstanding my concerns (as well as DESNZ, the Authority and the NESO) to the contrary.

Two classes of connection

It is not clear to me, given the ''*travaux préparatoires*'', that the NESO is actually permitted, in primary legislation (in terms of Retained law) to issue two classes of connection agreement; namely either a Gate 1 or a Gate 2 offer; to any applicant that falls within the scope of the (i) RfG or (ii) DCC or (iii) HVDC.

Furthermore, given the Retained law, and its application to the Authority, it may be the case that GEMA would not be able to override that legislative requirement by dint of approving a change (or changes) to the NESO's (or TOs) licence(s) or the CUSC (via the CMP434 (or CMP435, proposal).

Article 37

I set out under CMP434 WACM1 below my extensive involvement in the European Network Codes which has direct relevance to CMP434 (and CMP435) in the context of the legal requirements for terms and conditions for connect in GB. For the sake of brevity, I refrain from repeating my background here.

As a Workgroup member, it was I who initially flagged to the Workgroup the requirements set out in Article 37 (6) (a) of Directive 2009/72

(https://www.legislation.gov.uk/eudr/2009/72/article/37/2020-12-31)

"*The regulatory authorities shall be responsible for fixing or approving sufficiently in advance of their entry into force at least the methodologies used to calculate or establish the terms and conditions for:*

(a)connection and access to national networks, including transmission and distribution tariffs or their methodologies. Those tariffs or methodologies shall allow the necessary investments in the

networks to be carried out in a manner allowing those investments to ensure the viability of the networks;"

I am mindful that prior to my raising this concern the Proposer of CMP434 had referred to producing further documentation, containing additional requirements upon connecting parties (and network companies) in the form of 'guidance', that would sit outside of the CUSC itself (and was thus not to be considered part of the CMP434 - or CMP435 - proposal) and which would not be subject to express Authority approval.

Following my raising the concern, with respect to Article 37, the Proposer switched tack and started to refer to 'Methodologies' (rather than 'guidance') and suggested that they would be subject to express Authority approval.

In my view this approach, to methodologies, by the NESO; as they related to the terms and conditions for connection and access to the network; was based on an erroneous interpretation of Article 37 (6) (a) when set against the four item 'test' outlined, at paragraph [85], by Lord Justice Green in the *SSE v GEMA* case in 2022 (which is detailed under WACM1 below) because the 'methodologies' referenced in Article 37 (6) (a) relate to network tariffs and not to the separate item of the terms and conditions for connection and access to the network.

Examination of the wording in, for example, Recital 36 and Articles 15 (7), 28 (2) (b) & (3) and 32 as well 37 itself, in terms of (1)(a), (8), (10) and (12) supports this.

https://www.legislation.gov.uk/eudr/2009/72/article/37/2020-12-31

This concern is primarily of direct relevance to the Gate 2 Criteria methodology.

The NESO intends; as per the version of that 'methodology' which was recently consulted upon and the NESO's statements in its 11th December reply, to my email (to the CUSC Panel) of the same day, about its Open Letter; that this particular 'methodology' will contain obligations and requirements upon connecting parties and networks (such as DNOs and transmission connected iDNOs) that, in my view, constitute terms and conditions for connection and access to the network that are not, for example, tariffs – this being further reinforced by the fact that neither CMP434 - or CMP435 - relate to (or seek to amend) Section 14 of the CUSC (which contain the methodologies for transmission tariffs in GB).

It is important to remember that when the CUSC was established; and later amended, to reflect the Third Package (including, for example, Article 37); that the balance between the parties; as to who (such as 'Users') could raise changes to the term and conditions for connection and access to the network and on what basis ('better meeting the Applicable Objectives'); was set out to Parliament and that such changes (to the terms and conditions for connection and access to the network) were not limited to the NESO or its predecessor bodies (namely ESO and NGET) but would follow an open (to all contractually obligated parties) governance approach

https://www.gov.uk/government/consultations/implementing-the-eu-third-internal-energy-package

Of course, in recently establishing the NESO (via the Energy Act 2023) Parliament could have changed their view on this matter and limited such changes (to the terms and conditions for

connection and access to the network) to being raised solely by the NESO – I note Parliament did not do so: it did not endorse the closed governance approach, that the NESO has adopted with the drafting / preparation of the three methodologies (and which NESO seeks GEMA to approve in due course).

I like to think that this was a recognition, on the part of Parliament, that open governance; whereby, for example, any contractually obliged party is able to raise a change proposal etc., to those contractual terms (subject to Regulatory approval); is an integral part of ensuring and maintaining investor confidence in the process for changes to the terms and conditions for connection and access to the network in GB.

Given the need for speed, if the Authority shared the concerns I have outlined here then it might, for example, use its 'send back' power which could enable the version of the Gate 2 Criteria methodology (which, as I understand it, is being submitted by the NESO on 20th December) to be swiftly incorporated into the Original proposal (post-send back) and thus be codified and subject, in due course, to open governance.

Public Corporation

In respect of CMP434 Original (and being mindful of WACM6) I am very aware that the NESO is now a public corporation. In this context is important to recognise that a major review is currently underway into another public corporation (namely the Post Office).

Examining the Terms of Reference for that inquiry (Terms of reference | Post Office Horizon IT Inquiry) and, in particular, E (i) & (ii) and F; it is possible, with respect to the area of governance, that 'examples of good practice' / 'lessons learnt' / 'recommendations' etc., could well emerge, from that inquiry, as to how a monopoly public corporation, that requires / compels parties to contract with that same corporation, interacts with those contracted parties.

In my view it is possible that what emerges from that inquiry could, in the future, have a read across to what is now being proposed, by the NESO, with respect to the governance of the Methodologies (and, in particular, the Gate 2 Criteria).

Given this; and notwithstanding my concerns as to the legality of the Gate 2 Criteria methodology in particular; I think it would be remiss of the industry, the NESO and the Authority to not take the opportunity (that WACM6 affords us all) to learn from the Post Office inquiry conclusions / recommendations; in terms of needing to examine (and possibly change?) the governance approach, for contractual matters, between a monopoly public corporation and parties that are compelled to contracted with that same public corporation.

WACM1

Implementing the EU Third Internal Energy Package - GOV.UK

Before providing my reasoning for not supporting WACM1 I feel it is necessary to set out some historical background on my vires to provide comments on this topic matter.

I am mindful that SSE was the driving force behind the establishment of the European Code Coordination Application Forum (ECCAF) back in late 2013 (Microsoft Word - ECCAF Agenda Nov13- v6.doc) and I have been a continuous member / attendees since that time of ECCAF and

its successor body, the Joint European Stakeholder Group (JESG) - which I have chaired now for over 4 years.

ECCAF and, later, JESG brings together representatives of DESNZ (or its predecessor), Ofgem, the NESO (or its predecessor organisations) and the other parties within the electricity industry to initially consider (from a GB perspective) the development of and, later the GB implementation of, the European Network Codes (that arose out of the Third Package) including those for the 'Requirements for Generator connections' (RfG), the 'Demand Connections' (DCC) and the 'HVDC Connections (HVDC) which are perhaps the most relevant of the European Network Codes in terms of CMP434 (and CMP435).

As an example of my involvement, at that time, in the development of these European Network Codes, representatives of the NGET (later ESO and now the NESO, who participated in the ENTSOE work which drafted the documentation, prior to its submission to ACER (and then to the Commission) noted that with the single public consultation (of the ENTSOE drafts of, for example, the RfG, DCC, HVDC etc.,) that approaching 20% of all the stakeholders comments received (on the ENTSOE consultation draft) from across the whole of the EU 28 Member States came from myself.

Because of my extensive engagement, at that time, on the European Network Codes (involvement numerous meetings with ENTSOE, ACER and Eurelectric) I was nominated to join both the Connections Stakeholder Committee and its sister committee for System Operations (which were established, by the Commission, as required by the relevant European Network Codes).

This Connections Stakeholder Committee included some 30 representatives drawn from across the various sectors of the electricity industry (such as TSOs, DSOs, generators, demand and Regulators) from the European Union and, pre-Brexit, I was one of the small number of generator representatives on the Connections Stakeholder Committee (and the only one who was directly involved in the GB transmission connection arrangements).

This experience has given me a detailed understanding and appreciation of the '*travaux préparatoires*' (of the RfG, DCC and HVDC European Network Codes) which; as Lord Justice Green set out in the *SSE v GEMA* case in 2022; is relevant, from a legal perspective, in the context of the techniques that are commonly used when interpreting law:

"(85)…. All parties invited the Court to adopt a purposive or teleological interpretation of Article 2(4) of that Recast Regulation, though the governmental agencies (GEMA and the CMA) arrived at a different end result from SSE. When adopting a purposive approach to interpretation, courts will consider a range of tools including: (i) an analysis of the natural meaning of the particular statutory language used; (ii) an analysis of legislative drafting techniques including how the language has changed over time and the inferences which are to be drawn from such changes; (iii) an analysis of the substantive provisions as a whole which will enable the language of the disputed measure to be placed into context and which can also (especially in an EU context) indicate whether a measure is intended to be a measure of full or only partial harmonisation; and (iv) an analysis of the recitals as instrumental in identifying the legislative history, relevant *travaux préparatoires* and the purposes said to have influenced adoption of various provisions of the measure in question, and in due turn, any implementing measure. An illustration of the use of

these sorts of techniques in an EU context is *Kocur v Angard Staffing Solutions Limited and Royal Mail Group Limited* [2022] EWCA Civ 189. These techniques are also common to the interpretation of domestic law as the citations below demonstrate."

SSE Generation Ltd & Ors, R (On the Application Of) v Competition and Markets Authority [2022] EWCA Civ 1472 (08 November 2022)

Given the above, it is reasonable to say that I'm unmatched, from a GB generator perspective, when it comes to the understanding of the history of the development and GB implementation of the EU Network Codes in the overall context of connections (as well as system operation – SOGL – and markets – EBGL, CACM & FCA) as contained in the CUSC (as well as in the context of the Grid Code and BSC industry codes).

It is with this context in mind that I have come to the view that WACM1 does not conform with either the letter or the spirit of RfG in terms of generation connections and DCC in terms of demand connections.

My primary concern; which I did outline to the Workgroup on several occasions; relates to the requirement, as set out, for example, in Recital (3) of RfG concerning harmonisation:

"*Harmonised rules for grid connection for power-generating modules should be set out in order to provide a clear legal framework for grid connections, facilitate Union-wide trade in electricity, ensure system security, facilitate the integration of renewable electricity sources, increase competition and allow more efficient use of the network and resources, for the benefit of consumers*."

Commission Regulation (EU) 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators (Text with EEA relevance)

This principle is then reflected in the rest of the RfG (plus the DCC and HVDC) concerning the statutory framework for the connection of generation (plus demand, interconnectors and offshore windfarms) to the electricity transmission and distribution system.

However, WACM1 introducing as it does the 'Category 1' approach; with different levels, for generators, across the three onshore TO areas; does not address the need for harmonised rules for grid connection of generation - rather it seeks the opposite.

As such this is incompatible with the legal requirement - so cannot be said to better facilitate Applicable Objective (c).

As a consequence of not being harmonised, it therefore follows that WACM1 will **not** "ensure system security, facilitate the integration of renewable electricity sources, increase competition and allow more efficient use of the network and resources, for the benefit of consumers".

As a result therefore, in my view, WACM1 does not better facilitate the efficient discharging of the obligations in the Act and the Transmission Licence - so cannot be said to better facilitate Applicable Objective (a).

Therefore, neither can it be said to facilitate efficient competition - so cannot be said to better facilitate Applicable Objective (b).

Finally, as a consequence of its legal incompatibility, then WACM1 would not promote efficiency in the implementation and administration of the CUSC - so cannot be said to better facilitate Applicable Objective (d).

In addition to this (harmonisation) concern, I have other concerns, in terms of the legality of WACM1 (in the European Network Codes context of the terms and conditions for connect) which, for the sake of brevity, I refrain from setting out here. These other concerns enhance, in my view, the (lack) of better facilitating all of the Applicable Objectives for WACM1.

Panel Member: **Joe Colebrook, Users Panel Member**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Y	Y	-	Y	Y
WACM1	Y	Y	-	Y	Y
WACM2	Y	Y	-	Y	Y
WACM3	Y	Y	-	Y	Y
WACM4	Y	Y	-	Y	Y
WACM5	Y	Y	-	Y	Y
WACM6	Y	Y	-	Y	Y
WACM7	Y	Y	-	Y	Y

Voting Statement

I agree that the Original Proposal is better than the Baseline and supports Objectives a), b), and d).

Objective a) - Introduces an application-based and gated connections process that can prioritise readier and/or more viable projects enabling the industry to help the government meet its Net Zero targets and is future-proofed to support more strategic network planning activities. Currently, project developers are waiting too long to connect, and this is hindering progress to deliver Net Zero. Application windows allow a more coordinated network design closely aligned with NESO's current and future strategic planning activities and facilitate anticipatory investment to ensure transmission works are delivered efficiently.

Objective b) - Introduces an application-based and gated connections process that can prioritise readier and/or more viable projects. The changes proposed in the Original should increase the number of generators connecting each year and bring forward the connection of many viable

projects. Clarifies connection rules and accelerates project connections, enhancing competitiveness in generation and supply. Although the timeline may temporarily pause investment, the changes will improve long-term industry certainty and investment.

Objective c) - No identified impact on compliance with Electricity Regulation or relevant EU decisions.

Objective d) The new process also provides CUSC Parties, including network companies, with greater structure and ability to plan, through only providing full/confirmed offers to readier and more viable projects. Fewer industry resources will be invested into facilitating connections for projects which will not be built.

For the reasons outlined above I believe all the WACMs will be better than the Baseline and will be positive for objectives a) b) and d).

WACM1 will clarify the definition of relevant Embedded Generators for Transmission Impact Assessments (TIAs), which currently cause significant confusion in the industry and are better than the Original.

WACM2 puts obligations on Distribution Network Operators related to third parties to the CUSC (Relevant Small and Medium Embedded Generators). Whilst I agree with the need for the obligations, the CUSC is not the appropriate place for these obligations and instead, the obligations should be introduced via a DCUSA Modification or changes to the Distribution Licence. Therefore, WACM2 is not better than the Original.

WACM3, the Capacity Reallocation rules proposed by WACM3 contradict the Three Methodologies being implemented by the NESO. WACM3 provides clarity for CUSC Parties which is currently lacking and therefore is better than the Original. That said, I acknowledge that it cannot be implemented if the Methodologies are also implemented in their current form.

WACM4, the % of Installed Capacity that can be built outside of the Red Line Boundary is a key condition of the Construction Agreement and therefore the percentage, as agreed by the workgroup, should be part of the CUSC and any changes to it governed by the CUSC governance process and not held within guidance or the Gate 2 Criteria Methodology. Therefore, I consider WACM4 to be better than the Original.

WACM5 - The Clean Power Plan 2030 (CPP2030) and Methodologies have superseded this modification, and it is not appropriate to remove the concept of Project Designation as it is an important concept to allow CPP2030 to be implemented. It will be vital for NESO and the Authority to ensure the use of Project Designation is transparent and fair to all parties as it will have a significant commercial impact on Users. Therefore, WACM5 is not better than the Original Proposal.

WACM6 - The three Methodologies include rules that are integral to the Transmission Connections Process and therefore the rules in the Methodologies should be part of the CUSC legal text. WACM6 provides a mechanism for industry to review the use of Methodologies after a period, which will be an important and useful exercise, although the solution will still allow each

CUSC party to have the right to raise a CUSC Mod only if they feel it is appropriate. I consider WACM6 to be better than the Original.

WACM7 - The needs and benefits of requiring the NESO to provide a short window for projects to cancel their agreements before the coordinated network design process begins are unclear. Therefore, in my view, I believe WACM7 is not better than the Original.

Panel Member: **Joe Dunn, Users Panel Member**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Y	Y	-	Y	Y
WACM1	-	Y	-	-	Y
WACM2	Y	Y	-	Y	Y
WACM3	Y	Y	-	Y	Y
WACM4	Y	Y	-	Y	Y
WACM5	Y	Y	-	Y	Y
WACM6	Y	Y	-	Y	Y
WACM7	Y	Y	-	Y	Y

Voting Statement

The original proposal provides a viable solution to address the defect and is an improvement on the baseline. The need for significant change to the connections process is recognised and the original proposal provides an appropriate structure, which can facilitate the further changes required to achieve the ultimate aims of TMO4+.

The report recognises that workgroup members discussed the detailed processes and procedures that will sit within the new structure to be detailed in the methodologies, and as such are not being assessed as part of this consultation.

WACM1 - While the intention behind WACM1 is to provide a clarity to Users which is supported, there were challenges during the workgroup's attempts to provide satisfactory legal text to facilitate this change.
WACM2 – Better facilitates competition and ensures efficiency, fairness, and transparency by ensuring that embedded users are not disadvantaged relative to transmission connected users.
WACM3 - Codifying this process will demonstrate fairness and transparency for all users, which will facilitate competition and reassure investors that all viable projects are given fair and equal opportunity to progress to connection, as far as is practical.
WACM4 – Provides clarity and detail to the outcomes of the red line boundary constraints. This

ensures all users will understand the implications of introducing this constraint and should enable all users to be treated equally in respect of any changes being made to the red line boundary.
The clarification of treatment of staged and hybrid connections ensures viable technologies within these agreements will have the opportunity of progress where appropriate.
WACM5 – Ensures fairness, transparency and removes the potential for legal challenges against NESO resulting from the outcome of the designation process.
WACM6 – Is an appropriate compromise to the disagreements held during the workgroup over whether the methodologies should be put into code. This proposal allows the NESO to progress with reform and realise the benefits, whilst ensuring that the methodologies are subject to appropriate consultation and scrutiny within a defined time period, allowing for an initial impact assessment to be considered during that process.
WACM7 (for its benefits within the 435 process). Ensuring transparency of the potential queue, allowing users to make more informed investment decisions. It will also minimize wasted efforts by NESO and the network businesses by facilitating the reduction of the queue at an earlier stage, and prior to the gated design process.

Panel Member: **Kyran Hanks, Users Panel Member**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	-	Y	-	Y	Y
WACM1	-	Y	-	Y	Y
WACM2	-	Y	-	Y	Y
WACM3	-	Y	-	Y	Y
WACM4	-	Y	-	Y	Y
WACM5	Y	Y	-	Y	Y
WACM6	Y	Y	-	Y	Y
WACM7	N	-	N	N	N

Voting Statement

Codification is important in the future regulation of the connections queue. Most of the WACMs and the Original are improvements on the current system, putting NESO decisions in guidance documents leaves too much to interpretation.

Public

Panel Member: **Paul Jones, Users Panel Member**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Y	Y	-	Y	Y
WACM1	Y	Y	-	Y	Y
WACM2	Y	Y	-	Y	Y
WACM3	Y	Y	-	Y	Y
WACM4	Y	Y	-	Y	Y
WACM5	Y	Y	-	Y	Y
WACM6	Y	Y	-	Y	Y
WACM7	Y	Y	-	Y	Y

Voting Statement

Original: New process should help to ensure that the most ready projects are prioritised when connection offers are made. This should assist competition in the wholesale market.

WACM1: There seems to be scope for inconsistencies to occur between Grid Code and CUSC definitions which could be a source of confusion. Unlikely to be better than the original.

WACM2: Defined timescale for DNOs delivering their submission to NESO provides more certainty to embedded generators.

WACM3: Seems less appropriate to remove NESO's ability to utilise Project Designation or Connection Point and Capacity Reservation in the context of the process that is emerging to meet the CP2030 action plan.

WACM4: Arguably the same as the original except that redline boundary requirements are codified in the CUSC and not the Gate 2 Criteria Methodology.

WACM5: Seems less appropriate to remove NESO's ability to utilise Project Designation in the context of the process that is emerging to meet the CP2030 action plan.

WACM6: Codifying the methodologies and guidance would result in the same outcome as the original. Mandatory post implementation review may be beneficial, but not clear it is most efficient to mandate one in the code. This could be undertaken anyway should Ofgem decide it is warranted.

WACM7: This option might be more appropriately implemented as part of CMP435.

Vote 2 – Which option best meets the Applicable Objectives?

Panel Member	Best Option	Which objectives does this option better facilitate?
Andy Pace	WACM7	a),b) and d)
Binoy Dharsi	WACM6	a),b) and d)
Daniel Arrowsmith	Original	a),b) and d)
Garth Graham	WACM6	a),b) and d)
Joe Colebrook	WACM1	a),b) and d)
Joseph Dunn	No preference	b)
Kyran Hanks	WACM6	a),b) and d)
Paul Jones	WACM2	a),b) and d)

Panel conclusion

The Panel recommended unanimously that the Original, WACM3, WACM4 and WACM6 better facilitated the Applicable CUSC Objectives.

The Panel recommended by majority that WACM1, WACM2, WACM5, and WACM7 better facilitated the Applicable CUSC Objectives.

By majority the Panel recommended that WACM6 (3 out of 8 votes) best met the Applicable CUSC Objectives.

When will this change take place?

Implementation date

Q2 2025

Date decision required by

Q1 2025

Implementation approach

The proposed implementation approach can be summarised as follows:

- Any new applications, for a connection, or Significant Modification Applications, from any connectee types that are in scope (see the table, under Element 3, at the top of page 13) submitted to NESO on or after the implementation date (which at the time of publication of this document was anticipated to be Q2 2025, based on an anticipated Authority decision on this

proposal in Q1 2025) will need to be submitted within the new application window process (which is being introduced by this Modification).

- The date upon which the first application window (and those subsequent) open(s) will be confirmed to stakeholder by NESO in due course (but with no less than 4 weeks' notice of each window opening). Each application window will close no less than 4 weeks after it opens. Therefore, at the time of publication of this document, this means that no new applications from those in-scope (as noted above) will be processed by NESO between the Implementation Date (which at the time of publication of this document was anticipated to be Q2 2025, based on an anticipated Authority decision on this proposal in Q1 2025) and the first application window opening (on a yet to be confirmed date).
- The above assumes that relevant changes to the ESO's Transmission Licence and the three new Methodologies[47] (mentioned in this CMP434 proposal) have been approved, by the Authority, within timescales which allow the implementation date to occur, setting out the arrangements for such new applications and Significant Modification Applications.

In respect of the above, there will need to be changes to business processes and to NESO's Customer Portal e.g., to grey out the ability for parties to submit an application outside of the combined Gate 1 and Gate 2 application windows.

In addition, it is imperative that stakeholders understand how the new reformed process will apply to them and as such, engagement and supporting guidance will be used, by NESO, once a decision has been made by the Authority. This will ensure that stakeholders can get up to speed with the new process prior to the implementation date.

Note: under CMP435, any projects with existing connection contracts with NESO (including relevant small and medium embedded generation projects contracted via the DNO, or transmission connected iDNO) which do not meet the Gate 2 criteria (under the process detailed within CMP435) will become Gate 1 projects (in the case of directly connected or Large Embedded projects), or will lose their existing status in relation to a confirmed connection date in the agreement between NESO and the DNO or transmission connected iDNO (in the case of relevant small and medium embedded generation projects) and will need to submit an application within a future Gate 2 Process (if and when those projects meet the Gate 2 criteria).

[47] As listed in Element 1, on pages 9-10.

Interactions

☐Grid Code	☐BSC	☒ STC	☐SQSS
☐European Network Codes	☐ EBR Article 18 T&Cs[48]	☒ Other modifications	☒Other – DCUSA, Transmission Licence Changes

This modification directly interacts with CM095. There are also interactions with the modifications addressing Application of Gate 2 criteria to existing contracted background: CMP435. STC modification CM096 had been raised in conjunction with CMP435 but was subsequently withdrawn.

There is also a possibility of consequential changes to the DCUSA as a result of this modification. However, no such DCUSA change has been identified to date.

Changes will be required to the ESO licence to facilitate this modification; this has been discussed within the Workgroup and NESO have been engaging with the Authority regarding this to provide a high-level view to help inform the potential changes. These include:

- Changes to licenced offer timescales for the Primary Process (which also need to be reflected into the CUSC)
- New licence obligations relating to (i) the Connections Network Design Methodology (CNDM), (ii) the Gate 2 Criteria Methodology and (iii) the Project Designation Methodology.

The Proposer does not foresee the need for Grid Code changes for their Minimum Viable Product and they have verified this with industry.

[48] If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the Electricity Balancing Regulation (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.

Public

Acronyms, key terms and reference material

Acronym / key term	Meaning
BEGA	Bilateral Embedded Generation Agreement
BELLA	Bilateral Exemptible Large Licence Exempt Generator Agreement
BSC	Balancing and Settlement Code
CAP	Connections Action Plan
CATO	Competitively Appointed Transmission Owner
CES	Crown Estate Scotland
CfD	Contracts for Difference
CMP	CUSC Modification Proposal
CNDM	Connections Network Design Methodology
CPA	Construction Planning Assumptions
CP30	Clean Power 2030
CSNP	Centralised Strategic Network Plan
CUSC	Connection and Use of System Code
DCO	Development Consent Order
DCUSA	Distribution Connection and Use of System Agreement
DRC	Data Registration Code
DESNZ	Department for Energy Security and Net Zero
DFTC	Distribution Forecasted Transmission Capacity
DNO	Distribution Network Operator
EBR	Electricity Balancing Regulation
EG	Embedded Generation
ENA	Electricity Networks Association
ESO	Electricity System Operator
Go Live Date	The date at which the new process in the legal text goes live, on or after the implementation date
GSP	Grid Supply Point

iDNO	Independent Distribution Network Operator
LoA	Letter of Authority
MVP	Minimum Viable Product
M1	Queue Management Milestone M1
NESO	National Energy System Operator
NETS	National Electricity Transmission System
NGED	National Grid Electricity Distribution
OHAs	Offshore Hybrid Assets
POC	Point of Connection
RLB	Red Line Boundary
SLA	Service Level Agreement
SSEP	Strategic Spatial Energy Plan
STC	System Operator Transmission Owner Code
STCP	System Operator Transmission Owner Code Procedures
SQSS	Security and Quality of Supply Standards
TCE	The Crown Estate
TCPA	Town and County Planning Act
TIA	Transmission Impact Assessment
TO	Transmission Operator
TOCO	Transmission Owner Construction Offer
T&Cs	Terms and Conditions
WACM	Workgroup Alternative CUSC Modification

Annexes

Annex	Information
Annex 1	CMP434 Proposal documents
Annex 2	CMP434 Terms of reference
Annex 3	CMP434 Urgency letters

Annex 4	CMP434 Indicative Process Timeline
Annex 5	CMP434 Impact of Forward-Looking Queue Management Milestones
Annex 6	CMP434 Non-confidential Workgroup Consultation Responses
Annex 7	CMP434 Workgroup Consultation Response Summary
Annex 8	CMP434 Workgroup Alternative Requests
Annex 9	CMP434 Workgroup Alternative CUSC Modifications (WACMs)
Annex 10	CMP434 Code Administrator Consultation Legal Text
Annex 11	CMP434 Alternative and Workgroup Vote
Annex 12	CMP434 and CM095 Actions Log
Annex 13	CMP434 Workgroup member Attendance Record
Annex 14	CMP434 Code Administrator Consultation Responses and Summary
Annex 15	CMP434 Summary of Legal Text queries raised through Code Administrator Consultation and actions taken
Annex 16	CMP434 Final Legal Text updated with Typographical Changes