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STCP Modification Proposal Form		
<p><b>PM0142:</b></p> <p><b>Application of Gate 2</b></p> <p><b>Criteria to existing</b></p> <p><b>contracted background</b></p> <p><b>Overview: This Modification proposes to introduce a new, time-limited, one-off, Procedure to facilitate the introduction of CUSC Modification CMP435.</b></p>	<p><b>Modification process &amp; timetable</b></p> <ol style="list-style-type: none"> <li>1 Initial STCP Proposal 06 February 2025</li> <li>2 Approved STCP Proposal Q1 2025</li> <li>3 Implementation Q2 2025</li> </ol>	
<p><b>Status summary:</b> The Proposer has raised a modification and is seeking a recommendation from the Panel on whether the modification should be implemented.</p>		
<p><b>This modification is expected to have a: High impact</b> Transmission System Operators, Transmission Owners (including OFTOs).</p>		
<p><b>Proposer's assessment of materiality</b></p>	<p>A material change – Authority decision</p>	
<p><b>Who can I talk to about the change?</b></p>	<p><b>Proposer:</b></p> <p>Steve Baker Stephen.Baker@nationalenergys o.com</p> <p>07929 724 347</p>	<p><b>Code Administrator Contact:</b></p> <p>Deb Spencer Deborah.Spencer@nationalenergys .com</p> <p>07752 466421</p>

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## 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. This proposal introduces a new procedure to facilitate the transition of the existing queue to updated processes and enable more ready projects to progress more rapidly to connection.

In December 2022, we published [Case for Change](#), to conclude Phase 1 of our GB Connections Reform project, in respect of 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 Great Britain. We subsequently worked with stakeholders during early 2023 to develop and explore options in relation to a longer-term reformed process for connections and we set out our initial recommendations for reform in a [consultation](#) in June 2023. We have continued to engage and develop our thinking based on the 80 responses to our consultation, and we set out our [final recommendations](#) for longer-term connections reform on 5 December 2023, which identified policy areas that we needed to finalise before raising changes to the codes. This concluded Phase 2 of our GB Connections Reform project. Just before this, DESNZ/Ofgem published their [Connections Action Plan](#), 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”*

Since publication of our final recommendations and noting the asks on us within the Connections Action Plan, we have 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 we have published [an update to](#)

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[our final recommendations](#) setting out what has changed and why, and to inform code changes.

### **Why change?**

A time-limited, one-off, high-level STCP is required to set out arrangements which ensure the contractual arrangements that NESO have with developers impacted by the CMP435 arrangements are appropriately reflected in (or through) alternative arrangements between NESO and the TOs related to the existing Transmission Owner Construction Agreements and Affected Transmission Owner Construction Agreements for such projects.

### **What is the Proposer’s solution?**

This Modification proposes to introduce a time-limited, one-off, Procedure to facilitate the introduction of CUSC Modification CMP435.

This new STCP will set out a high-level process to manage what happens to (A)TOCAs related to developers contracted with NESO in the existing queue. It will include liaison on the Existing Agreement Timetable (EA Timetable) to set an equivalent to the ‘offers out date’ (as introduced by [CM095](#) Implementing Connections Reform), how and when NESO provide SBN-related information in related to declaration/applications being received by NESO within the application window from Gate 2 Projects, and the technical competency process/timescales associated with such applications. It will therefore include some similar activities as in [STCP 18-1](#) Connection and Modification Application but in the context of the Gate 2 to Whole Queue Exercise (and the EA Timetable) for Gate 2 Projects, and Gate 1 Projects (with Reservation).

Additionally, it will include the timescales and process in relation to a review of the (A)TOCAs associated with Gate 1 Projects (without Reservation) and what action may be taken as a result for those (A)TOCAs and when.

### **Legal text**

Please see **Annex 1** for legal text.

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## What is the impact of this change?

Proposer's assessment against STC Objectives	
Relevant Objective	Identified impact
(a) efficient discharge of the obligations imposed upon Transmission Licensees by Transmission Licences and the Electricity Act 1989;	<b>Positive</b> Prioritises readier and/or more viable projects enabling us to help the government to meet its Net Zero targets.
(b) efficient discharge of the obligations imposed upon the licensee by the Electricity System Operator licence, the Energy Act 2023 and Electricity Act 1989;	<b>Positive</b> Greater coordination in the development of the transmission system and production of connection offers.
(c) development, maintenance, and operation of an efficient, economical, and coordinated system of electricity transmission;	<b>Neutral</b>
(d) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity;	<b>Positive</b> Quicker connections for viable projects (by removing speculative and stalled projects from the connections queue) needed to deliver Net Zero (at the moment developers seeking to connect are experiencing significant delays, with some customers being

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	offered connection dates in the late 2030s).
(e) protection of the security and quality of supply and safe operation of the National Electricity Transmission System insofar as it relates to interactions between Transmission Licensees and the licensee*;	<b>Neutral</b>
(f) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC;	<b>Neutral</b>
(g) facilitation of access to the National Electricity Transmission System for generation not yet connected to the National Electricity Transmission System or Distribution System; and	<b>Positive</b> Addresses the current queue (by reducing its size or slowing down the rate at which new projects are added to the queue). Allowing readier and/or more viable projects to access earlier connection dates.
(h) compliance with the Electricity Regulation and any Relevant Legally Binding Decisions of the European Commission and/or the Agency.	<b>Neutral</b>

\* See *Electricity System Operator Licence*

Proposer's assessment against the STCP change requirements <sup>1</sup>	Proposer's assessment
(a) the amendment or addition falls within the terms and arrangements set out in condition E4 of the ESO Licence Standard Condition B12 of the Transmission Licence; and	Requirement met
(b) the amendment or addition does not impair, frustrate or invalidate the provisions of the Code	Requirement met

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(c) the amendment or addition does not impose new obligations or liabilities or restrictions of a material nature on Relevant Parties which are not subsidiary to the rights and obligations of the Relevant Parties under the Code	Requirement met
(d) the amendment or addition is not inconsistent or in conflict with the Code, ESO Licence or Transmission Licence Conditions or other relevant statutory requirements; and	Requirement met
(e) the Relevant Party Representatives deem that the amendment or addition is appropriate to support compliance with the Code	Requirement met

## When will this change take place?

### Implementation date

Implementation date to align with (i.e. be the same date as) the implementation date of CMP435.

### Implementation approach

This modification contains Material changes and will be submitted to Ofgem for review.

### Interactions

Grid Code       BSC       CUSC       SQSS  
 European Network Codes     Other modifications     Other

There is an interaction with [CMP435](#) Application of Gate 2 Criteria to existing contracted background.

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## Panel Determination

Party	Determination
<b>National Energy System Operator (NESO)</b>	To be updated following Panel determination
<b>National Grid (TO)</b>	To be updated following Panel determination
<b>Offshore Transmission Owners (OFTOs)</b>	To be updated following Panel determination
<b>Scottish Hydro Electric Transmission plc (SHET)</b>	To be updated following Panel determination
<b>SP Transmission Limited (SPT)</b>	To be updated following Panel determination

## Acronyms, key terms and reference material

Acronym / key term	Meaning
ATOCA	Affected Transmission Owner Construction Agreement
ATOCO	Affected Transmission Owner Construction Offer
BSC	Balancing and Settlement Code
CUSC	Connection and Use of System Code
DESNZ	Department for Energy Security and Net Zero
DNO	District Network Operator
NESO	National Energy System Operator
Ofgem	The Office of Gas and Electricity Markets
PM	Procedure Modification
SBN	Scheme Briefing Note
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
TOCA	Transmission Owner Construction Agreement

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TOCO	Transmission Owner Construction Offer
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<b>Annex 1</b>	
Annex 1	Legal Text

**Reference material**

- [CMP434 Implementing Connections Reform | National Energy System Operator](#)
- [CM095 - Implementing Connections Reform | National Energy System Operator](#)
- [CMP435 Application of Gate 2 Criteria to existing contracted background | National Energy System Operator](#)