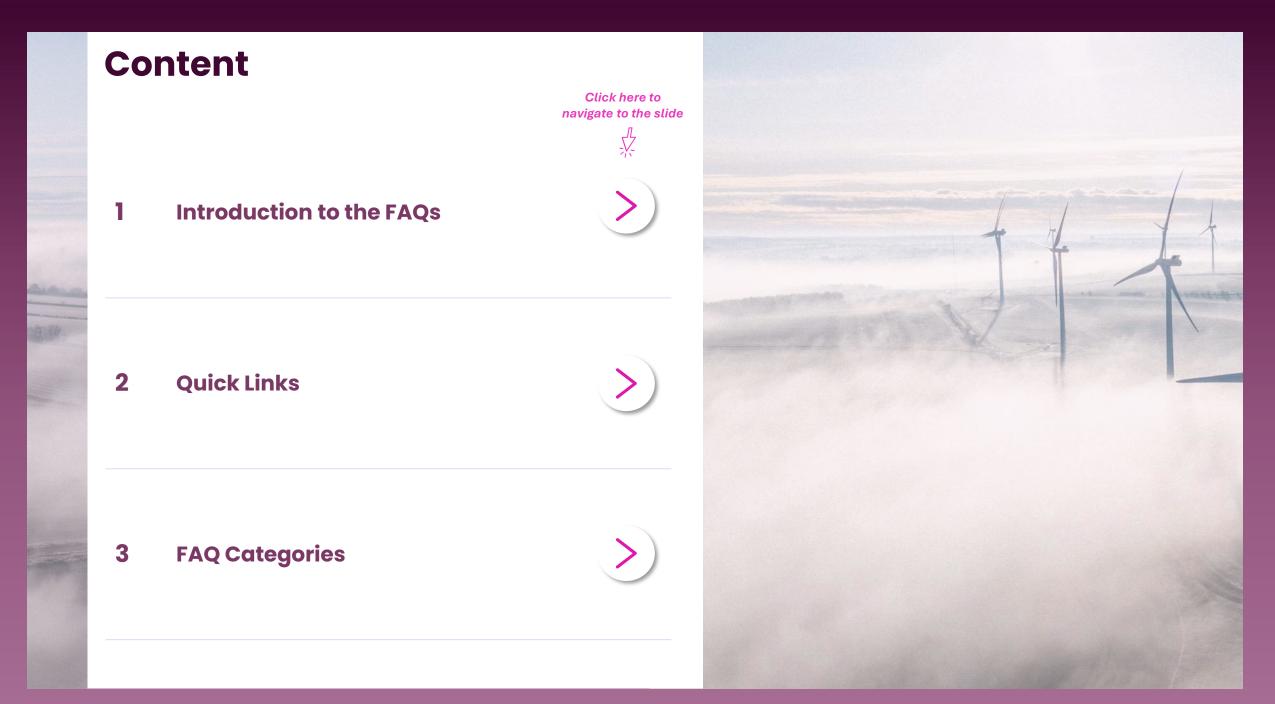
NESO CONNECTIONS REFORM

Frequently Asked Questions

Correct as of 27 February 2025





Public

Introduction to the FAQs

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This document provides answers to frequently asked questions regarding the introduction of NESO's proposed reformed electricity connections process. The content in this document has been organised into 11 FAQ Categories. To quickly navigate to the section you need, click on the >) icon on the content slide.

Quick Links		
Methodologies	CP30 Related	Other Links
Gate 2 Methodology	Clean Power 2020 Action Plan: A new era of clean electricity: Connections reform gones	Strategic Spatial Energy Planning (SSE National Energy System Operator
Project Designation Methodology	Clean Power 2020: Advice on achieving clean power for Great Britoin by 2030	Queue Management Guidance
Connections Network Design Methodslagy	Clean Power 2000 - Data Workbook	Introducing Progression Commitmee
		To include link to NGED FAQ

The 'Quick Links' slide provides direct links to the following:

- Methodologies (Gate 2 Criteria, Project Designation and CNDM),
- CP30 related documents
- Other useful links

If you cannot find the answers you are looking for in this document, please submit an enquiry to box.connectionsreform@nationalenergyso.com

Please Note:

The FAQs are numbered for ease of reference only. This is based on the order in which the questions were received and does not imply any hierarchy or priority among the questions. Some questions and answers may appear in more than one section if they are relevant to multiple topics.

Whilst we have endeavoured to answer each question in a way which is fully aligned with the relevant licence/methodology/code content, if there is any conflict between the content of this document and the content of the relevant licence/methodology/code, then the content of the licence/methodology/code should be taken as being the confirmed position.

Responses are correct as of 27 February 2025 (i.e. prior to Ofgem approval of licence/methodology/codes) and may be subject to future change.



Quick Links

Methodologies	CP30 Related	Other Links
<u>Gate 2 Criteria Methodology</u>	<u>Clean Power 2030: Action Plan: A new era of</u> <u>clean electricity</u>	<u>Strategic Spatial Energy Planning (SSEP) </u> <u>National Energy System Operator</u>
Project Designation Methodology	<u>Clean Power 2030: Advice on achieving</u> clean power for Great Britain by 2030	Queue Management Guidance
Connections Network Design Methodology	<u>Clean Power 2030 Action Plan: A new era of</u> <u>clean electricity: Connections reform annex</u>	Introducing Progression Commitment Fee
	<u> Clean Power 2030 - Data Workbook</u>	<u>Connections Reform Final Proposals</u> <u>Webinar (22.01.25)</u> - Recording

<u>Connections Reform Final Proposals</u> <u>Webinar (22.01.25)</u> - Slides



FAQ Categories

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1. Are Modification Applications for demand projects also on pause from 29 January 2025?

Yes, modifications to existing demand applications are also paused from 29 January 2025. The 21 March 2025 extension for demand only applies to new demand applications.

2. Are tech limits offers currently paused?

Yes, tech limits offers are currently paused while connections reform is being implemented.

3. What does the pause from 29 January 2025 mean for distribution applications submitted prior to that date? Can they still attain a Gate 2 offer in the CMP435 window?

For all distribution applications submitted before 29 January 2025, NESO and TOs will endeavour to clock start all applications submitted before 12 February 2025. To be considered in the Gate 2 to Whole Queue process, customers will need to be in a signed position with their connection offers ahead of the code implementation date of CMP435.



4. How do reform arrangements interface with the pause on new connections (interface between DNOs / TCOs)?

The Pause is occurring prior to the implementation date for the reformed arrangements and the interface is therefore the implementation date for the relevant code changes i.e. the date the new arrangements are in place for in scope new applications, modification applications, etc.

5. It was stated that "any DNO Customers that have not yet accepted will not make the 29 January 2025 deadline". What was the cut off date?

- The DNOs or Transmission Connected iDNOs have decided not to pause this is so customers can apply to the DNOs, or Transmission Connected iDNOs, at any point in time, obtain the DNOs or Transmission Connected iDNO offer and be in a signed position ready for the first CMP434 application window opening in future.
- DNOs or Transmission Connected iDNOs have committed to get as many existing signed projects through to NESO before the start of the pause. Any project that does not make it through before the start of the pause will be able to go through the first CMP434 application window, provided it is in a signed position and has its Gate 2 readiness evidence (and then also meets the strategic alignment criteria).



6. Does the pause on connection applications include Synchronous Condenser projects, which do not neatly fit in a demand/generation bucket? Also, will these be designated projects?

Yes, the pause does apply to Synchronous Condenser projects. They would become designated projects if they apply and meet one of the criteria. NESO would then designate them through the relevant process. They could also meet the Gate 2 criteria if they meet the readiness criteria or meet the protection clauses under the Gate 2 criteria.

7. Referring to the application pause, if we submit a date change Modification Application before the BIG pause, will we, and the associated DNO (large embedded in Scotland), need to accept it before end of May (Gate 2 entry) in order to be assessed against that new connection date?

Yes, applications will need to be in a fully signed position ahead of the code implementation date of CMP435, unless explicitly communicated otherwise to the customer.



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Gate 2 – General Questions

1. Where can the Gate 2 Criteria Methodology be found?

See document here: Gate 2 Criteria Methodology

2. Could we change a co-located connection to drop BESS? Could we reduce the MW rating at Gate 2 submission?

As part of Gate 2 to Whole Queue process, a contracted project can technically drop a technology (but it cannot change or add a technology) and/or it can reduce TEC / Developer Capacity, upon which it would be liable for the Cancellation Charge.

3. Do we need to submit a Modification Application upon entering Gate 2 for an earlier connection date?

Yes - a Modification Application is required only where you are seeking advancement of your connection date under the Gate 2 to Whole Queue process and needs to be submitted as part of the overall Gate 2 submission.



4. How do small Scottish embedded schemes seek connection date advancement upon entering Gate 2?

DNOs / Transmission connected iDNOs handle the Gate 2 process for small embedded generators (irrespective of if they are connecting in Scotland). This also includes indicating if they want to request Advancement.

5. When will the second Gate 2 (CMP434) window open? Will there be one this year?

We are currently aiming to open the first application window (under CMP434) in Q4 2025. However, this date is still TBC as it is dependent on the timing and nature of Ofgem's decision on our connections reform proposals, and is also dependent on the implementation of the CMP435 (Gate 2 to Whole Queue) process as we need a stable connected background before making connection offers to projects in the first enduring process under CMP434.

6. Can embedded hybrid multi-tech schemes in Scotland remove some of their technologies upon entry to Gate 2?

Yes, via the Readiness Declaration. However, note that, if this also means requesting a decrease to the TEC / Developer Capacity, developers are then liable for a Cancellation Charge.



7. Does a 'live' CM agreement include CM agreements awarded in the upcoming CM auctions?

Yes, if the CM agreement is signed and evidence of this is provided to NESO (or relevant DNOs or Transmission Connected iDNO) as part of the Gate 2 evidence submission window for CMP435 (noting that evidence could also be provided within the CMP434 window, as per protection clause 2b, if the project became a Gate 1 Project through CMP435 having applied in the application window).

8. As equipment orders need to be made by Spring 2025 for an Autumn 2027 connection, it would be helpful to understand when NESO would issue Gate 2 offers?

We anticipate notifying individual developers in Summer 2025 as to whether they have met the Gate 2 Criteria and if so, whether they have been allocated to Phase 1 or Phase 2 in the queue formation process. We anticipate notifying developers of their revised connection offers by End 2025, which will include connection dates. As set out in our CNDM we will attempt to accommodate the connection dates requested by developers, which should be more likely if developers wish to retain their current dates. Please note that these implementation dates are still TBC as they are dependent on the timing and nature of Ofgem's decision on our connections reform proposals.

9. For a hybrid project with 100MW BESS and 100MW PV, can we go to Gate 2 with 100MW BESS and 50MW PV?

Yes, developers can reduce the capacity of a technology it is seeking to connect.



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Gate 2 – General Questions

10. For onshore transmission projects which receive a Gate 2 contract, how will the connection point be determined across TOs? Scottish TOs typically provide a connection at the site but NGET provide a point on the existing system. How will this difference between TOs be managed?

The process by which each TO determines each connection site/point in this context is not expected to change under the reformed connections process.

11. Although Gated Modification Guidance is yet to be published, customers are submitting applications that will be granted transitional Gate 1 type offers. How will customers know what modifications can be made during the Gate 2 application process?

As part of Gate 2 to Whole Queue process a User can:

- i) drop a technology (but cannot change or add a technology); and/or
- ii) reduce TEC / Developer Capacity (however, they will be liable for a Cancellation Charge); and/or
- iii) request Advancement. Gated Modification Guidance is only relevant to new and gated (or non-gated) modifications to be submitted after the CMP434 implementation date (and is not related to Gate 2 to Whole Queue).

12. How would you treat a demand project which has a battery storage element?

If the connection is demand only, i.e. there is no export to the electricity system, then the battery would not contribute towards the CP30 permitted capacities and the connection would be treated as demand only for the purposes of Gate 2.



13. How will projects that are still awaiting outcomes for Project Progressions or BEGA / BELLA applications be treated? Will they qualify for Gate 2?

The DNOs or Transmission Connected iDNOs and NESO are working on ensuring that the overdue project progression outcomes are resolved in time for the impacted projects to be part of the Gate 2 to Whole Queue process. To be considered in the Gate 2 to Whole Queue process, customers will need to be in a signed position with their connection offers ahead of the code implementation date of CMP435.

14. How much does it cost to enter the Gate 2 process and for an advancement request? When will we be notified if we have not met Gate 2 Criteria? Will we be refunded?

From a Transmission process/cost perspective, only those requesting Advancement, or those on a Transitional Agreement (and submitting a Readiness Declaration), will need to pay a Modification Application fee, calculated as per the Statement of Use of System Charges. (The charges within this being under review in respect of Gate 2 to Whole Queue but noting there is no expectation that Modification Application fees will remain reconcilable unless they have been elected to be fixed by developers). Projects which apply for Gate 2 and do not meet the criteria in full will be informed within a few weeks of the closure of the application window.

15. How will DNOs align to the Gate 2 criteria and accelerate their own queues at DNO level? (For example, if a DNO connection is at the back of the DNO queue, but is "at the front" in terms of Gate 2 criteria)

The DNO queue will be re-ordered in line with CNDM where the most ready projects, designated projects and those which are protected, as well as those that request an advancement date that can be achieved, will be nearer the front of the queue.



16. In the reformed future, will date change (forward or backward) Modification Applications be allowed for schemes with Gate 2 accepted offers?

Requests for earlier or later connection dates for Gate 2 agreements would both be considered Gated Modification Applications and therefore need to be submitted at a Gated Application Window. User-requested delays for later connection dates would also interact with queue management milestones as will be set out in the QM Guidance and CUSC Section 16.

17. How does the advancement process work during Gate 2?

Developers will be able to request advancement of their connection date when submitting their evidence of meeting the Gate 2 criteria. This requested advancement date (or the existing contracted connection date where advancement is not requested) will be the date used to allocate the project to a 'Phase' as shown in CNDM Section 5.7. The TOs will then take this date into consideration during the reassessment, and offer a date as close to this advancement date as the existing or future network permits.

18. If project progression outcomes are overdue but have not yet been signed by the DNO, will they end up at the end of the 'GB-wide queue' as they haven't yet been countersigned?

The DNOs or Transmission Connected iDNOs and NESO are working on ensuring that the overdue project progression outcomes are resolved in time for the impacted projects to be part of the Gate 2 to Whole Queue process.



19. What will the new transmission interface between DNO and NESO look like? Will we only get Project Progression outcomes if we are in Gate 2 and get a revised Gate 2 offer?

The new transmission interface between the DNOs or Transmission Connected iDNOs and NESO will mean distribution projects are not disadvantaged when they seek to enter the queue versus transmission projects. Customers can only get a Gate 2 offer if they apply into the application window and gated process at the right time and with the right evidence.

20. When will current connection Tx offers know what is happening with their Gate 2 offers?

We anticipate notifying individual developers in Summer 2025 as to whether they have met the Gate 2 Criteria and if so whether they have been allocated to Phase 1 or Phase 2 in the queue formation process. We anticipate notifying developers of their revised connection offers by End 2025, which will include connection dates. As set out in our CNDM we will attempt to accommodate the connection dates requested by developers, which should be more likely if developers wish to retain their current dates. Please note that these implementation dates are still TBC as they are dependent on the timing and nature of Ofgem's decision on our connections reform proposals.

21. Will there be opportunity to delay a connection date during the Gate 2 process?

No.



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Gate 2 – General Questions

22. When will DNOs be calling for Gate 2 evidence?

Embedded developers need to contact their host DNOs or Transmission Connected iDNOs. They will be carrying out the readiness checks and some of the strategic alignment checks for small and medium generators.

23. Will distribution projects that have accepted a grid offer in January 2025 be eligible for Gate 2 to whole queue process?

To be considered in the Gate 2 to Whole Queue process, customers will need to be in a signed position with their connection offers ahead of the implementation of CMP435.

24. If we have a connection offer that has not been accepted yet and is not likely to be ready for Gate 2 by May, is there an advantage in having a Gate 1 offer as opposed to re-applying in a CMP434 window when we are ready?

A project having a Gate 1 agreement will mean your project is 'known' to NESO. Where there is an undersupply of a technology against a CP30 requirement, or where projects exit the queue and this creates an undersupply, NESO may contact eligible projects that could make use of this capacity and encourage them to apply in the next Gate 2 window in accordance with the capacity reallocation process. Gate 1 projects may also contribute to anticipatory investment decisions, which would result in an earlier connection date when a related project does eventually apply to Gate 2, as this work will have already been identified and planned for. There is also potential for connection point and capacity reservation in relation to Gate 1 agreements.



25. Does every project need to submit evidence regardless of their maturity? For example, if a project is about to enter construction and have an energisation date (e.g. have land, planning, subsidy etc), do we still need to submit all the evidence?

Only existing contracted parties that energise between now and the CMP435 application window closing will not need to go through the process set out in the Gate 2 Criteria Methodology - otherwise they do (but they will then likely be covered by one of the Protections if they are mature projects).

26. If a Gate 2 application has been submitted and is outside the phase 2 capacity, it won't receive a Gate 2 offer. Is it possible to secure a post 2035 connection so that the project can potentially be brought forward if other projects fall out of Phase 2 or if additional capacity is added under SSEP?

Having a Gate 1 Agreement will mean your project is 'known' to NESO. Where there is an undersupply of a technology against a CP30 requirement, or where projects exit the queue and this creates an undersupply, NESO may contact eligible projects that could make use of this capacity and encourage them to apply in the next CMP434 application window. Gate 1 projects may also contribute to anticipatory investment decisions, which would result in an earlier connection date when a related project does eventually apply to Gate 2, as this work will have already been identified and planned for in advance.

27. Regarding hybrid schemes with CEC greater than TEC - Can such schemes reduce their CEC but keep TEC as is (if CEC is equal to or greater than TEC), upon entry to Gate 2? And if yes, how do they do that?

As part of the Gate 2 to Whole Queue process, projects will be able to reduce TEC (or Developer Capacity) but projects will not be able to change CEC.



28. If we are waiting for clarity on the clock start date for a BELLA Modification Application, can this be started before the February 12th so that we can join Gate 2? The project has planning submitted and land rights.

BELLA clock starts are also reliant on the DNOs or Transmission Connected iDNO submitting their consequential Modification Application. If that has happened, then that will allow NESO to send that to the TOs for their competency checks.

29. If we swap out BESS for a Data Centre, will we still get a Gate 2 status?

All demand projects that meet the Gate 2 Readiness Criteria will receive a Gate 2 offer. However, submitting a Modification Application to change technology could result in the original queue position being lost, if the technology change is deemed to have a material impact on projects behind it in the queue. If this is the case, its queue position would be moved back to the end of the queue (at the point of time of the Modification Application being countersigned).

30. If one technology receives a Gate 2 offer while the other does not, will the technology that does not receive a Gate 2 offer be eligible for a Gate 1 offer instead?

The form of the agreement itself is still to be determined. However the technologies would be treated separately for the purposes of queue formation, and it may be that one technology meets the Gate 2 criteria while another does not, resulting in a Gate 2 offer for the former and a Gate 1 offer from the latter. Whether these are issued as separate contracts or not is still to be determined.



31. Is it correct that the option to request advancement will only exist in the CMP435 window and this is meant as a one-off as part of the gate 2 to whole queue exercise?

Yes, as new applications in CMP434 will just be asking for the date they want, and any advancement potential would be via the capacity reallocation process.

32. How are IDNOs considered in all of this?

- Please see Sections 8.6, 8.7 and 8.10 of the Gate 2 Criteria Methodology which outline which checks will be conducted by Transmission Connected IDNOs, and which will be conducted by NESO.
- In the context of queue formation, Transmission Connected IDNOs will share with NESO all the projects they deem to have passed the Initial Gate 2 Readiness checks, and highlight any that meet the criteria for 'protections'. NESO will then add these projects to the relevant distribution zonal sub-queues, once the relevant DNO has shared their provisional sub-queue with NESO. Substitutions and rebalancing will be considered at this stage.
- Distribution-connected IDNOs count as DNOs from our perspective, i.e. the IDNO would liaise with the local DNO and the local DNO would submit all relevant ready projects to NESO. We would assess those under Gate 2 in the same way as any other DNO projects.



33. The Gate 2 submission will be during Q2 2025, and the feedback will only be received in 01/2026. Is there a way to receive the confirmed connection date sooner?

We anticipate notifying individual developers in Summer 2025 as to whether they have met the Gate 2 Criteria and if so whether they have been allocated to Phase 1 or Phase 2 in the queue formation process. We anticipate notifying developers of their revised connection offers by End 2025, which will include connection dates. As set out in our CNDM we will attempt to accommodate the connection dates requested by developers, which should be more likely if developers wish to retain their current dates. Please note that these implementation dates are still TBC as they are dependent on the timing and nature of Ofgem's decision on our connections reform proposals.

34. We are aware that Gate 2 evidence window is 1st-31st May. However, do we need to confirm by 1st April whether we want to submit a project into Gate 2?

No, there is no need to confirm by 1st April 2025 whether you want to submit into the Gate 2 to Whole Queue process. There will be an application window for submitting the relevant documentation/evidence. The timing of the application window is yet to be confirmed as it is dependent on the timing and nature of Ofgem's decision on the code modifications, licence changes and methodologies for connections reform.



35. Are there any repercussions for DNOs unreasonably delaying submission to NESO and missing deadlines?

The CUSC modification requires DNOs to submit 'gate 2 ready' projects into the next window using reasonable endeavours. Ofgem is consulting on licence changes and the end-to-end regime for NESO, TOs and DNOs.



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Readiness Criteria

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Readiness Criteria

1. Can you confirm that as per Gate 2 Readiness Criteria, Land or Planning is required and not both?

Land or Planning is required (as set out in the <u>Gate 2 Criteria Methodology</u>), not both.

2. Can the red line boundary be updated after signing Gate 2 offer?

- No, as the ongoing compliance arrangements would apply from the point at which it is provided. The Original Red Line Boundary for the Project Site must be provided as part of a 'Gate 2 Application' where you are seeking to meet the Gate 2 Readiness Criteria via the land route.
- For those seeking to meet the Gate 2 Readiness Criteria via the planning route, the Original Red Line Boundary must be provided as part of evidence of meeting QM Milestone M2. The ongoing land compliance requirements against the Original Red Line Boundary (as referred in Section 7.1 of this Gate 2 Criteria Methodology) will therefore apply from when the User has met QM Milestone M2.
- For directly connected projects, whatever Installed Capacity is built within the Original Red Line Boundary (when provided), only 50% of that number can then be located outside of the Original Red Line Boundary.



Readiness Criteria

3. How do large Scottish embedded schemes submit Gate 2 and grandfathering evidence? Is it directly to NESO, or via associated DNO?

In CMP435, Large Embedded Generation will submit Readiness Declarations and Gate 2 evidence to NESO, whereas Small and Medium Embedded Generation will submit Readiness Declarations and Gate 2 evidence to their DNO or Transmission Connected iDNO.

4. Can a project adjust (decrease or increase) it's TEC while going through Gate 2?

Projects can request to decrease TEC (or Developer Capacity) in the Gate 2 to Whole Queue process (but not increase) via the Readiness Declaration. In the event of a decrease, developers are then liable for a Cancellation Charge.

5. Should planning evidence be submitted along with land rights for the Gate 2 Readiness as this appears to be used in the CNDM (see Figure 10)?

Gate 2 Readiness is via the land route or planning route so the project will need to either meet the requirements of Section 4 (Land) or Section 5 (Planning) of the <u>Gate 2 Criteria Methodology</u>. However, if the project is also seeking one of the "protections", evidence of meeting that protection as part of the Readiness Declaration will also be required, which in some cases is evidence of planning submitted and/or obtained.



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Readiness Criteria

6. For existing distribution connecting projects, when will the DNOs ask customers to provide evidence of the Gate 2 Criteria? Is there a template document for the "Readiness Declaration Letter" available for customers so we can be prepared for this?

This is currently under discussion between the NESO and DNOs or Transmission Connected iDNOs. A template document Readiness Declaration will be made available to allow customers to prepare.

7. For the Gate 2 Readiness Criteria, do embedded users need to provide evidence in advance of a Transmission connected project, as we have to allow for the extra step of the DNO? When are DNOs going to provide a backstop date?

Embedded developers need to contact their host DNO or Transmission Connected iDNO. Networks are aiming for the distribution backstop date to be as similar as possible to the transmission backstop date.

8. If both technologies in a Hybrid project meet the Gate 2 Readiness Criteria but only one technology allocated is strategically required and this leads to an enforced TEC reduction under the rules, would the developer be exposed to TEC reduction charges?

As per proposed CUSC Section 18.13.5.6 (within CMP435), there would be no enforced chargeable capacity reduction in such circumstances. Any installed capacity (and to the extent required any associated TEC / Developer Capacity) which has not met the Gate 2 Criteria would instead become Gate 1 capacity within the Gate 2 Modification Offer. TEC / Developer Capacity reduction charges are only applicable where (under proposed CUSC Section 18.8.6) a Project requests such a reduction within their Readiness Declaration (e.g. to better align their Project plans with the Gate 2 Criteria), or where the project (once contracted at Gate 2) reduces the contracted TEC or Developer Capacity for a Gate 2 Project, in accordance with the terms of the Construction Agreement.



Readiness Criteria

9. How can we move from an executed transitional offer to the whole queue reassessment? Will there be any additional charges?

As per proposed CUSC Section 18.8.3 (within CMP435), where a Project with a Transitional Agreement has met the Gate 2 Readiness Criteria in accordance with the <u>Gate 2 Criteria Methodology</u>, they need to submit a Readiness Declaration (and, if required, an Original Red Line Boundary) and a Modification Application (for which there will be an application fee) within the Gate 2 to Whole Queue application window.

10. Who will carry out the Gate 2 checks for their Customers? DNOs or NESO?

DNOs and Transmission Connected iDNOs carry out Gate 2 readiness checks and some of the strategic alignment checks for small and medium embedded generation. Large embedded generation will apply direct to NESO, who will conduct the readiness checks and strategic alignment checks.

11. Can we have an update on the text/wording of the Readiness Declaration?

We are targeting publishing this by end of March 2025.



Readiness Criteria

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12. Where a User is part of a group of corporate entities, should the same entity which submits the Gate 2 application hold the rights/agreements required to meet the Gate 2 criteria (e.g. land rights, planning consent, CfD/CM agreement)? Or can those rights & agreements be held/entered by other entities?

Users should explain in their Readiness Declaration where the User is not the party who has entered into the agreements or secured the land rights e.g. where the User is not the party who has entered the secured land rights, they should explain in the Readiness Declaration how they have the rights to use the land for their project.

13. There are onshore wind projects in the TEC register that have been refused at planning (but don't seem to have had their agreements terminated/removed from the register). Will these projects be permitted to apply to be considered as "just land" projects in the CMP435 process or will they actively be removed from the queue?

These projects will be permitted to apply and submit evidence of meeting the Gate 2 Readiness Criteria if their Queue Management milestones had not yet resulted in them being removed from the queue. Our evidence checks would highlight where a planning application had been refused and therefore, they would be categorised as 'just land'.

14. How will projects prove they are LDES at the time of provision of Gate 2 evidence?

This is still to be confirmed but is likely to relate to minimum acreage requirements and potentially further technical evidence to confirm how they will operate. It may also be linked to evidence requirements for the LDES cap and floor scheme, if these are relevant.



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Land Route

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Land Route

1. When should evidence of Option extension/new agreement be submitted?

Once a Gate 2 Agreement is in place, ongoing compliance in respect of Land Rights will be checked as part of the ongoing QM Milestone checking process.

2. Gate 2 Land Rights have been referred to as HOTs being secured. However, having looked at the ENA Guidance, where there is an example of HOTs set out in the appendix, it seems to be more of an Exclusivity agreement. Can we get more clarification on what Land Rights are required?

As per Section 4.1c of the <u>Gate 2 Criteria Methodology</u> (with page 18 providing a summary), Land Rights requirements are either evidence of an Option Agreement with accompanying lease or purchase agreement; an existing land lease; or evidence of ownership. As per Section 4.1c of the Gate 2 Criteria Methodology (page 20), neither an exclusivity agreement nor Heads of Terms is sufficient evidence.

3. If an Option Agreement has exactly 3 years of validity at Gate 2 submission but drops below 3 years immediately after, does it still meet the Gate 2 Land Rights Criteria? Should Option have 3 years remaining at all times?

Yes - Option Agreement must have a minimum 3-year period (unless NESO discretion is applied via the Gate 2 Criteria Methodology) from the date the Option is signed (not the date the Gate 2 application is submitted). Please see the <u>Gate 2 Criteria Methodology</u> for further information.





Land Route

4. How are demand projects on brownfield sites meant to pass the Land Rights Criteria?

Land Rights requirements for Transmission connected demand projects are set out in the <u>Gate 2 Criteria Methodology</u> and to date we have not been made aware of any particular issue specific to brownfield sites. If there are any specific issues you would like to highlight, please send them to: <u>box.connectionsreform@nationalenergyso.com</u>

5. If the project applicant also owns the land, do they still need to provide evidence of an option for lease agreement given it would be between companies owned by the same party?

No, but there is a need to provide evidence of ownership in this case.

6. Referring to the Land Option requirements for Gate 2 evidence, will a 3-year Land Option signed in August 2022, be valid?

As per page 18 of the Gate 2 Criteria Methodology:

- Option Agreement must have a minimum 3-year period (unless NESO discretion applied via this Gate 2 Criteria Methodology) from the date the Option is signed (not the date the Gate 2 application is submitted); and
- The lease or purchase agreement, which accompanies the Option Agreement must reflect the typical minimum operational timelines for that type of project and this will be a minimum 20 years from the date of exercise of the option unless the User can demonstrate, to the reasonable satisfaction of NESO, that the expected operational life of the project is less than 20 years.





7. Is the M3 (land) milestone being tied to Gate 2? i.e. once through Gate 2, will there be no need to comply with M3? Alternatively, once through Gate 2, should 50% of the capacity be used at the submitted site?

Milestone M3 = Gate 2 (via the Land Readiness route), but if a User goes down the planning readiness route instead, they will still need to meet M3 (albeit at a later date). In addition, for whatever Installed Capacity in MW (expressed in whole MW or to one decimal place) is built within the Original Red Line Boundary, only 50% of that number can then be located outside of the Original Red Line Boundary unless a) as part of ongoing Gate 2 compliance, the User argues for an exemption (details of which will be set out in updated QM Guidance) or b) they do not comply with the 50% rule, and their Installed Capacity (and potentially their TEC) would then be reduced in accordance with their Construction Agreement.

8. Can you explain what "Original" Red Line boundary means?

It is a Gate 2 concept and is the Original Red Line Boundary for the project site provided as part of a 'Gate 2 Application'. It has three key purposes:

i) it is used to check for overlapping boundaries for all Gate 2 projects in a duplication checks process

ii) it is used to confirm a project has sufficient acreage for the relevant technologies, and

iii) once a Gate 2 Agreement is in place it is used (for Tx connected projects) for ongoing compliance (i.e. for whatever Installed Capacity in MW (expressed in whole MW or to one decimal place) is built within the Original Red Line Boundary, only 50% of that number can then be located outside of the Original Red Line Boundary, unless there are agreed exemptions). Further information can be found within the Gate 2 Criteria Methodology and CUSC.





9. If a project does not meet minimum acreage but the design proves that the project is feasible at the requested MW, would this be acceptable?

A User will need to evidence why they believe they do not need to meet the minimum requirements as set out in the relevant LoA Guidance. Queries will be raised with the User in an attempt to fully understand the context of why this is relevant for that project (and so a different value could in some cases be agreed). However, in the event that reasons are not satisfactory (i.e. that the total land/seabed provided meets the de minimis level), the minimum requirement will not have been met in respect of the Gate 2 Criteria.

10. When is the updated acreage guidance expected to be published?

This will be published prior to the code implementation date.

11. Referring to the percentage of capacity within the "Original Red Line", is that the red line site boundary submitted with the original grid application or planning application?

It would be within the Original Red Line Boundary for the project site provided within the 'Gate 2 Application'.



12. Where are the minimum acreage requirements explained?

Guidance currently being updated but the current minimum acreages are set out here: <u>Guidance: Letter of Authority for Onshore</u> <u>Transmission Connection Applications</u>

13. Will NESO issue further guidance on the evidence required for Land Option Agreements?

Yes, as we move through the implementation phase.

14. Would NESO require all relevant evidence or just the declaration form and the red line boundary from the DNOs?

Only copies of the declarations and red line boundaries they have received from their small/medium embedded customers.



15. In terms of evidencing the "readiness" requirement via the land route, could you confirm whether a conditional contract for the purchase of the land would suffice? In particular, a conditional contract which would be triggered on planning consent being granted (i.e. the buyer would be required to buy the land as soon as planning consent is granted under the terms of the contract).

Yes, it would be a purchase agreement under which the user would be required to purchase the land once planning permission is granted.

16. Can the red line boundary be updated after signing Gate 2 offer?

No, as the ongoing compliance arrangements would apply from the point at which it is provided. The Original Red Line Boundary for the Project Site must be provided as part of a 'Gate 2 Application' where you are seeking to meet the Gate 2 Readiness Criteria via the land route. For those seeking to meet the Gate 2 Readiness Criteria via the planning route the Original Red Line Boundary must be provided as part of evidence of meeting QM Milestone M2. The ongoing land compliance requirements against the Original Red Line Boundary (as referred in Section 7.1 of this Gate 2 Criteria Methodology) will therefore apply from when the User has met QM Milestone M2. For directly connected projects, whatever Installed Capacity is built within the Original Red Line Boundary (when provided), only 50% of that number can then be located outside of the Original Red Line Boundary.



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Planning

1. When assessing planning status and using "Planning Submitted", will the date when a scheme submitted its planning application be used, where there are many schemes in this band?

For "Gate 2 to Whole Queue" i.e. CMP435, within each readiness category (i.e. planning secured, planning submitted, and land rights) projects will be ordered by their existing relative queue position. In the enduring process i.e. CMP434, projects will be ordered by the date they obtained planning consent (if they have done so), or their Gate 2 Readiness Date (e.g. the date on which the User secured the requisite Land Rights).

2. Can you confirm that the methodology shown in Figure 10 in CNDM is final? Specifically, if projects that have submitted planning will be given priority over those with only Land Rights?

Yes, Figure 10 in <u>CNDM</u> Section 5.7 is NESO's final proposal, however this ultimately remains subject to Ofgem's final decision.

3. Regarding the planning reference number required as evidence for Gate 2, does it need to be a full planning application reference number or is an EIA screening reference number sufficient?

Full planning application reference number - as per evidence requirements set out in the Queue Management Guidance: "Planning application reference number (that is provided to User once they have submitted their application and it has been validated by the relevant Statutory Authority)."





Planning

4. The DNO process does not mention "planning submitted". However, the CNDM process was clear that planning submitted was important information for the queue. Could this be clarified?

Planning submitted is also relevant to embedded projects and this information will be captured via the Gate 2 evidence collection process.

5. Is there a high risk of planning or options expiring if the connection dates are moved back?

Projects that have obtained planning are the least likely to receive a later connection date as an outcome of this process.

6. What happens if a project is rejected at planning after receiving and accepting a Gate 2 offer? Will it have an opportunity for planning appeal before losing its Gate 2 offer? How long before the capacity is re-allocated?

In this context, projects will only be removed from the queue in future as a result of Queue Management. The project will therefore have the opportunity to appeal until the deadline for QM Milestone M2 is reached in line with the arrangements under the Queue Management arrangements. See our Queue Management Guidance on our website for further information.





Planning

7. To qualify for the "submitted" status in the queue re-ordering, will a project have to provide a planning application reference number (i.e. have the application validated) by the end of the window? Or will the same exemption apply as for DCO projects wanting to qualify for the planning route?

The planning application reference number will be required, in line with Queue Management Milestone MI. The evidence of planning submission with reference number to follow is for a specific circumstance where projects that go down the planning route to meeting G2 readiness have not got their planning reference number by the time of Gate 2 Application.



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Strategic Alignment Criteria



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Strategic Alignment Criteria

1. For transmission connected demand, would a large hydrogen project pass the Strategic Alignment Criteria?

It depends what the hydrogen project is doing. H2 fired generation would be included within low carbon dispatchable. H2 solely as a transmission-connected demand connection would be treated in the same way as any other transmission connected demand project (i.e. deemed to meet the Gate 2 Strategic Alignment Criteria but required to meet the Gate 2 Readiness Criteria).

2. Will network capacity align with the Strategic Alignment pots?

The permitted capacities or 'pots' outlined in the Government CP30 Action Plan have been informed by NESO's CP30 analysis of the existing queue and the network required to deliver it. The projects that ultimately present as 'ready' at Gate 2 and are deemed strategically aligned will therefore be in the new queue and aligned with available and planned network capacity via the Gate 2 to Whole Queue process.

3. For demand applications, what is changing in terms of evidence and timelines?

Transmission Connected Demand will need to demonstrate readiness via land or planning. They will automatically meet the Strategic Alignment Criteria (d) - see Section 6.3 of the Gate 2 Criteria Methodology.



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1. Are current pathfinder contracted projects protected? For example, will a SPP3 project with 2027 connection date qualify for connection point capacity reservation or any other protection?

Not automatically, unless it is covered by the protections set out in the Gate 2 Criteria Methodology, which it would be if it had achieved planning consent for example. However, in the unlikely event that a pathfinder project has not met the Gate 2 Criteria, NESO would consider this as a candidate project for connection point and capacity reservation to ensure the pathfinder process requirements are still met.

2. Considering the timescales for procurement and construction shouldn't 'Protection 1' apply to 2027 projects?

Protection 1 will not apply to 2027 projects. However, it is likely (depending on their progress/status) that Protection 2a would then apply to such projects. If Protection 2a does not apply, then a project with a 2027 connection date would at a minimum be likely to have submitted its planning consent application and would benefit from that status in queue formation as per our CNDM proposals (See Page 31).

3. Could new build projects taking part in the Capacity Market this year be impacted?

Protection clauses 2a or 2b apply to projects that hold a CM contract. See pages 37 and 38 of the Gate 2 Criteria Methodology.





4. Will sites with partial CfD awards have the entire site protected under the Strategic Alignment Criteria, or will protections only apply to the MW specifically covered by the CfD?

Protections will only apply to the MW specifically covered by the CfD (as per Section 8.8 of the Gate 2 Criteria Methodology).

5. How long will it take to receive confirmation of project protection from NESO after submission of evidence/details as per Clause 2b?

Protection 2b and 3 only apply within enduring application windows (CMP434) and Users will be made aware within such application windows (once they have applied and submitted evidence) whether they have secured those protections. With regards to protections 1 and 2a (which apply in the Gate 2 to Whole Queue process i.e. CMP435) NESO will look to confirm this as soon as possible after the queue formation process is complete.

6. Is "significantly progressed" defined anywhere?

No but the evidence required to meet the "protections" equates to what we mean by significantly progressed for that "protection". We have also explained in the Connections Network Design Methodology how we will treat projects at differing stages of development (e.g. planning consent submitted or secured) as part of queue formation.



7. Does 'Protection 3' apply to outstanding planning decisions and appeal decisions?

Protection 3 applies to projects that submit planning consent before the CMP435 Gated Application Window but do not obtain it by the closure of the CMP435 Gated Application Window. As such, they are not protected in CMP435 and therefore could be removed from the queue. If this is the case, then after obtaining planning, they can reapply in any future CMP434 window and will be allowed to exceed the zonal permitted capacity, but must still adhere to the GB total permitted capacity.

It applies to appeal decisions where planning consent was submitted on or before 20th December 2024, and an appeal for either decision or non-determination is initiated prior to the closure of the CMP435 Gated Application window. If this appeal is successful and the project later obtains planning consent, then they can reapply in any future CMP434 window and will be allowed to exceed both the zonal and the GB permitted capacities.

8. How does the reform process align with CfD AR7? Will those which obtain a CfD in the future join the queue?

If existing agreements are removed from the transmission queue in CMP435 and later receive a CfD AR7 contract, they will be able to reapply in a future CMP434 application window and be covered by protection clause 2b. Given that most projects in CfD AR7 will have secured planning consent, we would expect them to be retained in the reformed connections queue via CMP435 (via protection clause 2a).





9. If a project connecting in 2027 has procured or started construction in 2025 before the gate 2 offer is received, it seems to only have protection 2 and no guarantee or date. To avoid a hiatus, could you clarify if this would change?

A protected project with a contracted connection date of 2027 or later could potentially see a change to its connection date as a result of Gate 2 to Whole Queue. If we were to guarantee these dates, it would mean that we could not facilitate advancement of other projects as the only way to protect the date would be to prevent any other projects from being added into the generation background. We have opted to protect 2026 connection dates only as we believe this best balances the desire for certainty with the opportunity for advancement and overall progress to 2030. For the avoidance of doubt, we expect it to be rare that projects with existing connection dates before 2030 would receive a later date as a result of Gate 2 to Whole Queue, however we cannot definitively rule it out at this stage.

10. Would a project be considered 'protected' if it has a connections energisation date from distribution/transmission? Or, would a project be protected if it has already secured a planning consent within the time windows?

The project must have an 'existing agreement' prior to TMO4+ go-live to be considered in scope of Gate 2 to Whole Queue and therefore the protections. The protections are based on the progress of the connecting project (e.g. demonstrating the project has met QM Milestone M2) rather than progress of network development, with the exception of protection clause 1, which requires a connection date before End 2026 (as well as meeting evidence of QM Milestones M2 and M7, as per the <u>Gate 2 Criteria Methodology</u>).





11. In terms of grandfathering protections, where a scheme is reliant upon its CfD, what happens if the CfD MWs are less than TEC?

As per Section 8.8 of the <u>Gate 2 Criteria Methodology</u>, the User will need to confirm the TEC / Developer Capacity that they are seeking protections against via their Readiness Declaration, noting that if a User has only obtained planning consent or secured a government support contract for part of a project (e.g. CfD), then only that part will benefit from protection.

12. Is there any differentiation between effects of "Significantly progressed"? There have been statements that revenue contracts (CfD, CM) may secure a connection date, whereas planning would only protect to be within the Phase.

In principle, the effect is the same, in that for projects with a contracted connection date of 2027 or later, this date is not guaranteed as part of the protection. However, as stated in the <u>Gate 2 Criteria Methodology</u> - Section 6.2 (Page 38) - where CfD or CM or Cap and Floor agreements are dependent on the project connecting by a certain date or within a certain date range, NESO and the TOs will use best endeavours to provide a connection date that meets these requirements.

13. In the webinar slide which refers to tech limits, it is shown that a non-firm connection of 2027+ will be protected. Is that correct?

This slide is being reworded following feedback. Please see the ENA webinar slide for the updated version.





14. What is the definition of "live" capacity market contract for protection?

Holding a Capacity Market contract issued in accordance with the Energy Act 2013 and relevant secondary legislation that is active (ie for a future date and not a date in the past). Pre-qualification does not count as holding a 'live' Capacity Market contract.

15. Would protections based on CfD apply to both parts of a hybrid project or just generation part?

It would apply to the parts of the project which have received a CfD.

16. When should evidence for protections need to be submitted?

As part of the Gate 2 to Whole Queue application window submission. The opening and closing dates of this application window will be published in due course within the 'Existing Agreement Timetable'.





17. Will NESO consider 'protections' for projects based on their connection voltage?

We do not differentiate between projects connecting at different voltages (other than the more general distinction between transmission and distribution connected projects).

18. Will NESO or DNOs publish estimates or reports on the number of protected sites under each technology type, broken down by region?

Yes, the MW volume of 'protected' projects deemed to have met Strategic Alignment Criteria a) will be published. See CNDM Section 5.18.



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Designated Projects

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Designated Projects



1. Will Stream 2 LDES (New Innovation) projects be considered as designated projects? Can our storage project's technology be changed at gate 2 submission (grid connection MW stays the same, Tech and MWh changed?)

The only aspect that can be changed within a Readiness Declaration as part of Gate 2 to Whole Queue (other than requesting Advancement) is the contracted TEC or Developer Capacity can be reduced and/or a contracted technology type can be removed. Stream 2 LDES projects can apply for designation, however, decisions will be made on a case-by-case basis.

2. If NESO is not accepting applications for designation prior to the Gate 2 to Whole Queue process, how will designated projects secure advancement? Will they be prioritized ahead of non-designated projects that have requested accelerated dates?

We will not be opening a window for designation for three categories (security of supply, operability and materially reducing constraint costs) prior to Gate 2 to Whole Queue so there will not be designated projects to be accelerated. We will consider any designation applications under the 'highly innovative' or 'very long lead time' categories prior to Gate 2 to Whole Queue.

3. Do you intend to issue a notice for Designating Project ahead of the Gate 2 to Whole Queue exercise?

No, we are not planning on issuing a Notice for project designation criteria A, B or C ahead of Gate 2 to the whole queue exercise as we need to determine the outcome of the Gate 2 to whole queue process and assess its impact on potential future security of supply, system operation and system constraints.



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CP30 Permitted Capacities



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CP30 Permitted Capacities

1. Are behind-the-meter generation projects that are associated with large existing demand or new demand connections not considered part of the Transmission Impact Assessment and not subject to the Connections Reform queue proposals?

If a project holds TEC or Developer Capacity, then it will contribute to the permitted requirements set out within the CP2030 Action Plan. With regards to the specific question, generation that is not exporting onto the transmission system, or that is below the transmission impact assessment threshold, is not in scope of connections reform and does not need to meet the Gate 2 criteria or contribute to CP30 permitted capacities.

2. Are the various pots considered to be fixed for now or will they change prior to the initial Gate 2 application?

This is ultimately for Government to determine in terms of whether they intend to update the Clean Power 2030 Plan: Connections Reform annex.

3. Would you encourage developers of renewable energy projects to stop development efforts in zones where the technology is oversubscribed?

We would encourage developers to review CP30 permitted capacities and our substitution policy and determine the likelihood of their project(s) meeting the Gate 2 Strategic Alignment Criteria, based on their expected planning status at the time of the evidence submission window for existing projects.



CP30 Permitted Capacities

4. Can the GB overall target pot be reallocated for projects which are submitted after the implementation date?

The permitted capacities for each technology in scope of Clean Power 2030, at GB (and where relevant zonal) level are set out in <u>Government's Clean Power 2030 Action Plan Connections Reform Annex</u>. It is a matter for Government as to whether and when they update these permitted capacities. We currently expect that the first Strategic Spatial Energy Plan (SSEP), which is currently due to be published by end 2026, will adjust the permitted capacities, given that SSEP is expected to consider a time horizon beyond 2035. For further information on SSEP, see <u>Strategic Spatial Energy Planning</u>.

5. Would projects be removed from the queue if they are over the permitted capacity in CP30 and SSEP? Or would they be pushed to Gate 1?

The queue will only be formed of projects that have met the Gate 2 Criteria requirements. Gate 1 projects (unless they have connection point and capacity reservation in place) do not have confirmed connection dates or locations and are therefore not in the connections queue and have no preferential treatment compared to any new applications.

6. Do solar capacities include rooftop?

Rooftop solar does not count against the CP30 permitted capacities.



CP30 Permitted Capacities

7. Is the 'requirement' a 'cap'? For example, if the 1.7GW of battery in T11 is met in 2030-35, would no more connections be given in that region?

Yes, the permitted capacities are a cap – no more Gate 2 offers would be issued for that technology in that region (until if and when additional capacity for that technology became available in that region). Connecting in addition to the cap would lead to additional capacity being added to the electricity system, which wouldn't align with Government's strategic energy plan, which would incur additional network costs (local and wider), additional system balancing costs, prevent other projects from using connection bays / substations therefore delaying their connections, and hinder efficient progress towards the first Strategic Spatial Energy Plan.



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CNDM – General Questions



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CNDM – General Questions

1. Is the methodology shown in Figure 10 in CNDM Section 5.7 final? Specifically, would projects that have submitted planning be given priority over those with only land rights?

Yes, Figure 10 in <u>CNDM</u> Section 5.7 is NESO's final proposal, however this ultimately remains subject to Ofgem's final decision.

2. Referring to CNDM 5.5.2, how can a larger project bypass a smaller project if the relative queue position is not adhered to in CP2030?

Using <u>CNDM</u> Section 5.7 as an example: assume project 13 was a 500 MW solar project, and project 7 was a 50 MW solar project. If we did **not** revert to the existing relative queue position, and left the Phase 1 queue in the order shown in Step 6 (with 13 now in front of 7), this could mean that project 7 now sees a delay to their connection date, due to having to wait for the enabling works for the larger project 13 to be delivered. By reverting to the existing relative queue position as shown in Step 8, we minimise the risk of this happening and provide as much certainty as we can to projects in the Phase 1 queue that their connection date will not worsen.

3. According to CNDM 5.5.2, CP30 Report mentions accelerating three additional projects by 2030. What are these "three additional projects"?

Note these are network infrastructure projects rather than generation or demand connections. More information can be found in our Clean Power 2030 Report (Annex 2, Section 2.3) and the accompanying data workbook.





4. For projects in Scotland opting for BEGA instead of the SoW process, does the BEGA execution date determine queue position? How should users communicate the BEGA signed date to the DNO for small BEGA project?

The BEGA and Modification Application should be NESO countersigned on the same day to ensure both contract countersigned dates are the same as both contracts should go hand in hand.

5. The CNDM process was clear that planning submitted was important information for the queue. However, the DNO process does not mention "planning submitted". Could this be clarified?

Planning submitted is also relevant to embedded projects and this information will be captured via the Gate 2 evidence collection process.

6. Why is the Non-firm date of projects not protected even if they meet M2 by May 2025? If the project's firm date gets allocated to Phase 2 as per CNDM, can it not accelerate under Technical Limits to pre-2030 for its non-firm arrangement?

A project connection date is only protected if it can demonstrate having met M2 and M7 in the CMP435 evidence submission window, and has a contracted connection date in 2026 or earlier. If it is connecting in 2027 or later, and has met M2, then it will receive a Gate 2 offer but both the firm and non-firm date are subject to change. All projects connecting in 2027 or later will be assessed for advancement potential and so there can be no guarantee within this time period that existing connection dates can be protected, as changes to queue order and enabling works could have consequential changes to connection dates.



CNDM – General Questions

7. Will the dates used to assess and form the queue under CNDM be communicated to the developer for traceability?

We are assuming that this question relates to the NESO countersignature dates used to determine current queue position. If so, then developers will be aware of what date NESO countersigned their connection offer. As set out on page 24 of the <u>CNDM</u> "Where NESO countersigned an agreement 28 or more days later than the customer signed the agreement, the customer signature date will be used instead of the NESO countersignature date. For a Project Progression, the customer signature date is the date the DNO signed the agreement with NESO."

8. Can NESO provide a full GB wide connection queue using the relevant Modification Application acceptance dates to cover both distribution and transmission?

NESO are not currently able to publish identifiable information regarding projects, other than where permitted by the codes. We have committed to publishing as much information as we are able to, at the point of the queue being reordered. See CNDM Section 5.18 for more information.

9. Will NESO or DNOs publish estimates or reports on the number of protected sites under each technology type, broken down by region?

Yes, the MW volume of 'protected' projects deemed to have met Strategic Alignment Criteria a) will be published. See CNDM Section 5.18.



CNDM - General Questions

10. Will projects that are moved to Phase 2 due to network constraints need to fit within the Phase 2 capacity?

Projects that are moved from Phase 1 to Phase 2 as a result of CNDM Section 5.7 Step 5 will need to adhere to the Phase 2 permitted capacity. Note this may mean it displaces a project that was provisionally allocated to Phase 2.

11. After the first window, will NESO publish a full list (per zone and tech broken down by generator) of what capacity was available, what was used and what was redistributed to other zones?

Information on the capacity assigned to Phase 1 and Phase 2 for each technology in each zone will be published following the queue reordering exercise in Gate 2 to Whole Queue. See CNDM Section 5.18 for more detail on what information will be published at this stage.

12. If a Red project misses 2030, will it go to the back of the queue in 2035?

If there is available capacity in Phase 1 (once all protected and planning submitted projects have been allocated), then the Red project will be allocated to Phase 1, assuming it has an existing or requested advancement date of 2030 or earlier. If Phase 1 is full, it will join the Phase 2 queue behind the protected and planning submitted projects, provided there is available capacity in Phase 2. If there is, it will receive a Gate 2 offer.



CNDM – General Questions

13. Referring to CNDM 5.7.1 Step 5, does identifying network limitations before a detailed study refer to bay allocation? Will consented projects get bay priority over those in planning, even if the latter signed a NESO agreement earlier?

Bay allocations will not be considered fixed at this stage, and may change as a result of the full assessment in the EA/Gated Design Process. There is potential, for example, that a project allocated to Phase 1 is assigned a bay that was previously assigned to a project that has now been allocated to Phase 2, particularly where a new or alternative bay will be available by the time the project in Phase 2 connects.

14. According to CNDM 5.8.4, NESO will allocate large D-projects after receiving provisional small/medium embedded allocations from DNOs. Does this mean small/medium projects have priority over large embedded projects for strategic alignment? Does that not deviate from the NESO agreement sign date principal?

It does not mean that small/medium projects have priority over large projects. The allocations will be reassessed, and large projects will still be incorporated into the relevant 'sub-queue' based on their existing relative queue position, readiness status and contracted connection date (or requested advancement date, where supplied). This could result in a small/medium project, included in the provisional allocation, being displaced from the queue due to the addition of a large project.

15. How does NESO consider co-located PV and BESS?

Please see 5.11 (page 36) of the Connections Network Design Methodology.



CNDM - General Questions

16. Has NESO factored in the volume of projects with planning permission and post-2030 grid connection dates?

We are aware that there are several storage projects with planning and later connection dates; in some cases beyond 2035. However, we expect that in a lot of cases these dates will be a symptom of the oversubscribed queue, and by facilitating advancement as part of Gate 2 to Whole Queue we should see the timelines for these projects move closer to 2030. However, recognising that the storage queue will be oversubscribed against the GB total permitted capacity, there will be some storage projects that are allocated to the 2031-2035 'Phase 2' period and so could expect to receive a post 2030 date as a result of the Gate 2 to Whole Queue reassessment.

17. How will NESO judge which projects are suitable for connection point and capacity reservation?

This remains to be confirmed but we would expect in most cases that these will be known to us in advance through either their project type (e.g. ad hoc interconnectors) or the requirements of other NESO processes, such as tenders. Recognising that these could be made for a variety of reasons, some of which may not yet be known, we have also committed to providing transparency on the reasons for any reservations made, both for project specific and non-project specific reservations – see CNDM Section 5.18 for more detail.

18. How are technical limits projects impacted by the reform?

Technical limits projects are within scope of reforms and have to go through the gate 2 process identically to other projects. Further information can be found within the <u>CNDM</u>.



CNDM – General Questions

19. Are projects in a better position if they hold a Gate 1 offer?

Our CNDM sets out the rules for queue formation under the first CMP434 application window - see page 65 onwards. Having a Gate 1 Agreement does not confer any advantage to projects for queue formation purposes under CMP434 as queue formation is based on whether and when the project secured relevant land rights and its planning consent status. However, earlier sight of potential future projects at Gate 1 helps with development of the first Strategic Spatial Energy Plan and with future plans for anticipatory investment (see page 63 of the <u>CNDM</u>).

20. Regarding ordering the queue by Countersignature Date, does this refer to the Countersignature date of the 'Original Offer' and not the countersigned dates of any subsequent Modification Applications or AtVs (TO driven e.g. accelerated storage)?

It would only refer to the countersignature date of subsequent Modification Applications, where these have triggered a change to (or an additional position in) the queue. For example, a Modification Application to increase TEC is likely to have been given a new, later queue position to the original project. This will mean the project is treated in two parts when the queue is reordered through the CNDM (assuming both parts have met the Gate 2 Readiness Criteria and applied within the application window).

21. What if a scheme is Red at submission but Amber before October or QI 2026 will this be considered as part of the final decisionmaking process?

No, as the project will have been assigned a queue position and potentially already assessed in that position. To change this later in the assessment process would require reassessment of any other projects whose queue positions changed as a result.



CNDM - General Questions

22. Will reordering to relative queue position increase attrition due to planning failure? Will this in turn mean that near term connection slots/opportunities cannot be achieved since a project fails too close to connection date and other projects do not have the time to fill the slot?

- Only the 'most ready' projects will be allocated to Phase 1. If projects that have submitted planning or only have land rights are featuring in Phase 1, it is because there are no other projects that are more advanced that can or wish to advance to this phase.
- Where projects allocated to Phase 2 had a contracted or requested advancement date of 2030 or earlier, they will still be considered for an earlier connection, but only after all the Phase 1 projects have been assessed.
- Where they can connect earlier, this will effectively account for attrition to 2030. If a project exits the Phase I queue in future and there is not a project in the Phase 2 queue that can advance, it may be that another project in Phase 1 advances and then Phase 2 projects are reconsidered for the gap that the second Phase 1 project creates. However, this will be considered on a case-by-case basis through the CMP434 capacity reallocation process set out within the CNDM.

23. Where NESO has a capacity range, will the upper or lower end of that range be targeted as the value that is "needed" for queue management purposes?

As stated in <u>CNDM</u> Section 5.4.13 "Where the CP30 Action Plan outlines a capacity range, such as the "DESNZ 2030 Clean Power Capacity Range" and the "2035 FES-derived Capacity Range", NESO will deduct from the high end of the range."



CNDM - General Questions

24. How will consented assets be sorted against each other on the "bingo sheet" for the G2TWQ? By date of consent as well?

- Within each readiness category (i.e. planning obtained/protected, planning submitted, and land rights) they will be ordered by their existing relative queue position when being allocated to Phase 1 and Phase 2.
- Once they have been allocated to a Phase, Phase 1 projects will be reordered into their existing relative queue order, and the readiness category groupings will no longer apply. Phase 2 projects will retain their readiness category groupings, and within those groupings they will still be in existing relative queue order.

25. Could you explain connection point capacity reservation?

In some circumstances the NESO (at their sole discretion may choose to reserve connection/interface points and/or capacity on a project specific basis or a non-project specific basis, and this will be considered within the relevant network design process in accordance with the CNDM. Where project specific reservation, the arrangements for this will be included within the Gate 1 AtV / Offer i.e. rather than their being an indicative connection date and location, there will be a reserved connection date and location, conditional upon the project meeting the Gate 2 Criteria and applying in a future application window within a bilaterally agreed period of time.



CNDM – General Questions

26. What is the point of the Zones?

- Projects cannot move zones, but we will allow substitutions between adjacent zones under certain conditions as set out in the CNDM see pages 39 and 40; and protected projects do not need to align with the zonal permitted capacities (see pages 33-43 of the Gate 2 Criteria Methodology).
- More generally, the CP30 Action Plan Connections Reform Annex published by Government sets out that the purpose of zones for onshore wind, batteries and solar is: "For solar, batteries, and onshore wind, we need to ensure that ready projects can progress while delivering a balanced energy system for 2030. Regional breakdowns are needed to give network companies greater control over capacity allocation for these technologies because they are characterised by a larger number of smaller projects, are geographically dispersed and, in the case of solar and batteries, are oversubscribed nationally in our current connection queue. For these technologies, using pathways limited to GB-level would create significant risks of sub-optimal network design and could limit the ability to connect strategically important demand projects".

27. When will developers know if they have been deemed strategically required? Is it when NESO publishes the anonymised data or is it when AtV offer is sent?

It will be around the time we publish the anonymised data shortly after the queue formation exercise. At this point, we will also notify individual projects whether or not they have met the Gate 2 Criteria (subject to detailed and duplication checks) and if they have, whether they have been allocated to Phase 1 or Phase 2.



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1. Does NESO agree that reducing storage above B2 in favour of storage in the South of Scotland will increase constraint and system operability costs?

Yes, we believe this would be the case, or at least would be so likely that we would not consider this an 'allowable' substitution.

2. In the consultation report (Page 9) NESO states that substitution will occur 'so long as there is no material negative impact on system constraints'. How will this be implemented in practice?

- We expect to identify the 'allowable' rebalancing or substitution scenarios in advance, e.g. a T2 storage project replacing a T1 storage project is not allowable, but a T1 storage project replacing a D1 storage project is allowable. We would then look across this shortlist of allowable zones to identify the project furthest back in the queue and determine whether or not this project was suitable (note this would be prior to reordering by planning status for Phase 1). This will ensure that, where possible, "ready" projects are removed in favour of "planning granted" projects, and only then will "planning submitted" projects be considered. Given that there will be cases of differing constraint impacts between two projects in the same zone, we do not intend this individual project assessment for projects in two different zones to be too restrictive, provided it has been deemed 'allowable'.
- We expect that the majority of rebalancing and substitution cases will take place between overlapping transmission and distribution zones, and between two distribution zones where these do not sit on opposite sides of a constraint boundary (given that the distribution zones are defined by license area rather than by consideration of constraint boundaries).



3. For solar, If the overall TSO pot gets filled, but the overall DNO pot does not get filled, will MW allocation be taken from the DNO pot and put into the TSO pot? If so, to what extent and when will it be re-allocated?

Yes, this is possible under the concept of 'substitution' provided certain criteria are met (<u>CNDM</u> Section 5.16). This will be conducted once the initial strategic alignment is completed and before industry is notified of the outcome in ~ Q2/3 2025 (<u>CNDM</u> Section 5.18 outlines what we intend to publish at this stage).

4. The current process is anticipated to take a further 6-12 months. How could projects progress with this uncertainty, as it could be determined later that a project is not "needed"?

Once the queue has been reordered, we will inform individual developers of the outcome of that exercise in relation to their project(s). this is expected to be (end Q2/start Q3 25). This will inform them whether or not they have met the Gate 2 Criteria, and if so, which 'Phase' they have been allocated to (pre-2030 or post-2030).

We will also publish aggregated outcomes to industry as soon as possible after the queue has been revised (end Q2/start Q3 25), which will include the revised status of the regions and how much capacity remains available, as well as information about where substitutions have been made.



5. Does NESO consider discarding viable projects that are in development for unknown projects, a rational approach to achieve clean power?

Viable projects will not be discarded for 'unknown projects' without first considering whether substitutions between regions is possible. Where there is oversupply in one region and undersupply in another, we hope to be able to resolve this by allowing the 'most ready' viable projects to remain in the queue and decreasing the size of a neighbouring region by a corresponding amount. Substitutions between regions would be permitted where there are limited material constraints between zones.

6. What are NESO doing about CP30 tx/dx splits for solar that will rule out lots of well-developed projects?

Our connections methodologies include 'substitution' arrangements that allow us to rebalance undersupply and oversupply of a technology in adjacent zones, where this does not lead to material additional constraint costs for consumers. This will allow us to manage potential differences in the tx/dx splits for solar compared to the CP30 permitted capacities. We have also included 'protection clauses' in the connections methodologies that further allow us to include well developed projects in the connections queue, even where they do not align with CP30 or zonal permitted capacities.



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1. How does rebalancing work?

Rebalancing will be used where, due to a high volume of protected projects, the GB total permitted capacity for a technology has been exceeded, but there are some zones which are not filled entirely with protected projects. In these cases, projects with land rights or planning submitted may be removed (subject to the criteria in CNDM Section 5.16.2) to bring the MW total of that technology closer to the GB permitted capacity and account for the oversupply of protected projects in other zones. This will not result in the removal of any protected projects from the queue. See Section 5.14 of the CNDM for more information.

2. How will Gate 2 'Protections' impact regional capacities? (Especially protection for projects which submit planning before implementation but receive it after implementation)

Protected projects will still count towards the permitted capacities (including for each zone, where relevant). However, if the MW total of protected projects exceeds the permitted capacity, all the protected projects will still receive a Gate 2 offer (potentially through zonal rebalancing arrangements).

3. Has NESO factored in that planning regimes are different in different parts of the country?

We have considered different planning regimes in our development of the Gate 2 Readiness criteria and in the development of the Gate 2 strategic alignment protection clauses.



4. Zonal rebalancing further commits NESO to the known, sub-optimal CP30 permitted capacity figures, undermining the SSEP process (designing network optimally). By optimising for 'readiness', projects that will save NESO £10s millions in constraints are being ignored, increasing consumer cost

In our final proposed connections methodologies, we have in general aligned to the Clean Power 2030 Action Plan; however, we have introduced some flexibility to account for well progressed projects that are likely to connect before end 2030, even if those projects do not align with the CP30 Action Plan permitted capacities. We have done this in order to support timely delivery of projects / capacity as well as to provide comfort to projects that were significantly progressed at the time of introduction of reforms.

5. As the transmission and distribution zones are not perfectly compatible, how will the capacities for the zones be combined into queues?

- For the purposes of substitution and rebalancing, overlapping zones will all be taken into consideration, where there is not a significant negative impact on constraints by swapping projects across these zonal boundaries.
- For the purposes of reassessment, TOs may use different regional breakdowns to study projects, depending on the local generation background and constraint boundaries that are most relevant. The substation (and GSP for embedded projects) the project is connecting to will be used to determine which region it is allocated to.



6. Given that Phase 1 and Phase 2 targets are effectively the same, will BESS projects with planning consent, land rights and current connection date of post 2026 but pre-2030 be guaranteed a Phase 1 offer irrespective of over submission?

As stated in the footnote of <u>CNDM</u> Section 5.7: if the 2030 permitted capacity is reached purely by allocation of protected projects, then all remaining protected projects will be allocated to Phase 2. However, rebalancing (Section 5.14) may result in some of these being brought back into Phase 1 and other non-protected projects being moved back to Phase 2, where the criteria in Section 5.16.2 are met.

7. Is zonal re-balancing only for adjacent zones?

Yes; as with substitution, it also considers transfers between Transmission and Distribution where those zones are adjacent or overlap, and also do not have a material negative impact on constraints.

8. Could you confirm whether the zonal capacities for 2030 and 2035 are total connected capacity or additional connected capacity?

The capacities outlined in Government's CP30 Action Plan include the capacity that is already installed on the network. Subtracting installed capacity from this figure gives the remaining 'permitted capacity' that the existing queue will be aligned to. See <u>CNDM</u> Section 5.4.14 for an example.



9. Will evidence (redacted) of rebalancing outcomes be shared to provide comfort the process has been completed robustly?

Information will be published in line with CNDM Section 5.18. We will provide as much transparency as we can regarding the outcomes of this process, where it does not result in individual projects being identifiable.

10. Will you be providing MW limits for each GSP & BSP? Or only at regional level?

No, the CP30 Action Plan does not provide MW limits (permitted capacities) per GSP or BSP. Where permitted capacities are set at a zonal level (for onshore wind, batteries and solar) these apply across the entire transmission or distribution zone.



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Project Designation

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Project Designation

1. Are all new unabated gas designated projects only?

A number of gas projects are likely to benefit from protections. However, new unabated gas plants that do not benefit from protections are only likely to be in the queue as a result of potential future designation (most likely under the security of supply criterion).

2. Will projects which are Stream 2 LDES (New Innovation) be considered as designated projects? Can our storage project's technology be changed at Gate 2 submission (grid connection MW stays the same, Tech and MWh changed)?

The only aspect that can be changed within a Readiness Declaration as part of Gate 2 to Whole Queue (other than requesting Advancement) is the contracted TEC or Developer Capacity can be reduced and/or a contracted technology type can be removed. Stream 2 LDES projects can apply for designation, however, decisions will be made on a case-by-case basis.

3. Could you provide information on what would be considered highly innovative?

Information on what will be considered highly innovative is set out in the Project Designation Methodology.



Project Designation

4. Could these projects be "designated" as aligned due to the existing bays / minimal reinforcements needed i.e. they are aligned.

We have set out the designation criteria in our **Project Designation Methodology**. It seems highly unlikely from your description below that the projects would meet categories 4 (highly innovative) or 5 (very long lead times), which are the categories to which developers can apply to us at any time. For categories 1 (critical to security of supply), 2 (critical to system operation), or 3 (materially reduce system constraints) we will only accept developer applications in response to a Notice we publish. We will work with relevant teams within NESO responsible for determining any such Notice to establish when any such Notice may be published and what specific services it would seek. We don't currently expect any such Notice to be published before Gate 2 to whole queue however given that the impact of Gate 2 to whole queue will determine where we require such services in the future.

5. Will projects be designated, and will the projects eligible for connection point and capacity reservation be known by the start of the G2TWQ process?

NESO will need to know which projects are designated (and where connection point and capacity reservation applies) for queue formation prior to the start of the network design process in Gate 2 in Whole Queue.



Project Designation

6. If NESO does not accept applications for designation prior to the Gate 2 to Whole Queue process, how will designated projects secure advancement? Will they be prioritized over non-designated projects that have requested accelerated dates?

We will not be opening a window for designation for three categories (security of supply, operability and materially reducing constraint costs) prior to Gate 2 to Whole Queue so there will not be designated projects to be accelerated. We will consider any designation applications under the 'highly innovative' or 'very long lead time' categories prior to Gate 2 to Whole Queue.

7. The report states that 'NESO envisages designating projects only in exceptional circumstances, subject to meeting detailed criteria with connection dates offered for post 2035'. Are there no pathways to be a designated project and connected prior to 2035?

The post 2035 point relates to the 'very long lead time' criterion under the designated projects methodology. The other designation routes are likely to result in a connection prior to 2035.



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Implementation Timings/Stages



Public

Implementation Timings/Stages

1. Will Transmission Owner Reinforcement Instruction (TORI) quarterly updates still be published during the connection reform implementation phase?

There is nothing within the reform proposals which would require amendment to any regular reinforcement progress updates provided by the TOs.

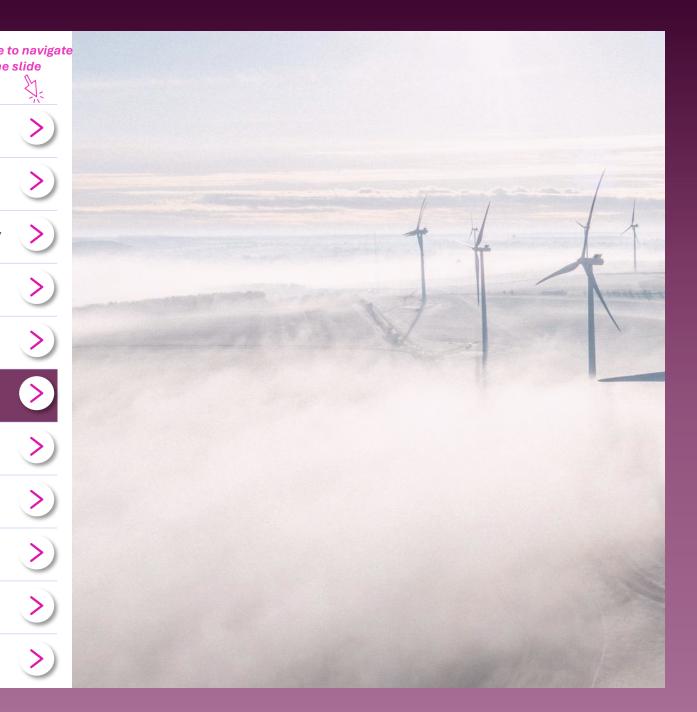
2. Do you have any details of how implementation will practically work after an Ofgem approval? When will NESO and DNOs be requesting information? How will this be communicated to developers?

Further information on when the application window (in which 'EA Requests' can be submitted to indicate project readiness) will open and close will be set out in the 'EA Timetable', which will be published by NESO in good time ahead of the opening of the application window, alongside further process guidance. DNOs or Transmission Connected iDNOs may start to accept 'applications' at an earlier date and if so, this will be communicated, along with any necessary information, by the DNOs or Transmission Connected iDNOs in due course.



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1. Are the liabilities that sit behind securities also being frozen for 2025?

No, the TOs continue to build to meet contracted Completion Dates so NESO would be liable if there was a termination, but we feel this is high unlikely in this period with Gate 1 changes on the horizon, subject to Ofgem decision.

2. With regards to securities, we've seen a "Securities freeze for customers who have a transmission connection agreement with NESO due to the expected Implementation of the Connections Reform". For customers with a connection agreement with a DNO, are they also expected or likely to freeze securities?

We have frozen securities' requirements from DNOs or Transmission Connected iDNOs as part of our freeze. We suggest reaching out to the relevant DNOs or Transmission Connected iDNOs to understand how they are managing their securities requirements during the same period.

3. If we do not have Land options and cannot apply to Gate 2, do we automatically get a Gate 1 offer? Will securities be refunded?

If you nominate a project as Gate 1 prior to the closure of the application window, or if a Readiness Declaration is not provided within the application window, this automatically triggers a Gate 1 Agreement to Vary (and when signed that triggers a security return process, where any security is held).



4. If both technologies in a Hybrid project meet the Gate 2 Readiness Criteria but only one technology allocated is strategically required (other one to GI) and this leads to an enforced TEC reduction under the rules, is the developer exposed to TEC reduction charges?

As per proposed CUSC Section 18.13.5.6 (within CMP435), there would be no enforced chargeable capacity reduction in such circumstances. Any installed capacity (and to the extent required any associated TEC / Developer Capacity) which has not met the Gate 2 Criteria would instead become Gate 1 capacity within the Gate 2 Modification Offer. TEC / Developer Capacity reduction charges are only applicable where (under proposed CUSC Section 18.8.6) a Project requests such a reduction within their Readiness Declaration (e.g. to better align their Project plans with the Gate 2 Criteria), or where the project (once contracted at Gate 2) reduces the contracted TEC or Developer Capacity for a Gate 2 Project, in accordance with the terms of the Construction Agreement.

5. If I accept a BEGA this month, will I have to provide securities upon acceptance (security period Oct 2024 – March 2025)?

If securities are requested as part of the offer, then you would need to secure. That figure though will remain frozen until the appropriate point within the Gate 2 to Whole Queue process (assuming CMP435 is approved by Ofgem).

6. Will cancellation charges be waived for projects that are impacted by much later connection dates following the reformation of the queue?

Gate 1 Projects (once the Gate 1 Agreement to Vary is signed) will no longer be liable for (or need to secure) a Cancellation Charge in relation to Transmission works and none would be payable in the event the developer terminated their Gate 1 Agreement in future.



7. If we have opted to pay for TCA works up front (before connection), why do we always need to provide securities for these works?

The TO is designing and commissioning the Connections assets specifically for your project so these works need to be secured in the same way that other Attributable Works your project has triggered (or it benefit from) need to be secured under CUSC.

8. If securities are frozen as intended by NESO, is there an intention to update / advise committed spend on all transmission works so that developers could assess potential liabilities during the freeze?

No, not at this time as the working expectation is that Connections Reform will be implemented in Summer 2025 and projects will either get a revised Gate 2 offer with revised Attributable Works included in them, or be given a Gate 1 Agreement to Vary where there are no attributable works or securities. One reason for doing the freeze is to give all parties affected time to prepare for connections reform implementation.

9. It was understood that TEC reduction would not be charged cancellation fees, similar to TEC amnesty which would help promote accurate Gate 2 offers. Why has this changed?

CUSC Section 18.8.6 has always set out the proposed position for such circumstances (since the proposal incorporated the potential for a TEC or Developer Capacity to be requested as part of the Readiness Declaration, based upon the Work Group Consultation feedback).



10. What is intended to happen when the securities freeze comes to an end? Will liabilities increase immediately or stay at current levels?

The working expectation is that Connections Reform will be implemented in Summer 2025 and projects will either get a revised Gate 2 offer with revised attributable works included in them, or be given a Gate 1 Agreement to Vary where there are no attributable works or securities.

11. When will there be a decision from Ofgem on the securities freeze?

We are working with Ofgem on their decision and will ensure customers are kept up to date.

12. Will hybrid (PV & BESS) schemes be able to drop their BESS element as part of the 435 window if they are not able to meet the region's CP30 allocation? Will this require a Modification Application, and will there be cancellation charges?

Yes, via the Readiness Declaration and it will not need a Modification Application unless also seeking Advancement of the current connection date. If dropping the BESS element (in this example) also means a decrease to the contracted TEC / Developer Capacity, and this is also requested within the Readiness Declaration, there will be a Cancellation Charge.



13. Could you confirm attention is being given to ensure security refunds are efficiently processed and where interest is accrued this is paid promptly if not already included within the initial return?

In respect of EG projects, it applies from the point at which relevant contract amends with the DNOs or Transmission Connected iDNO are signed/effective, and it will then need time to flow through to the relevant embedded projects. The details of this are still being developed.



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Arrangements for Embedded Projects



Arrangements for Embedded Projects

1. How do large Scottish embedded schemes submit Gate 2 and grandfathering evidence etc, is it direct to NESO, or via associated DNO?

In CMP435, Large Embedded Generation will submit Readiness Declarations and Gate 2 evidence to NESO, whereas Small and Medium Embedded Generation will submit Readiness Declarations and Gate 2 evidence to their DNO or Transmission Connected iDNO.

2. How do small Scottish embedded schemes seek connection date advancement upon entering Gate 2?

DNOs / Transmission connected iDNOs handle the Gate 2 process for small embedded generators (irrespective of if they are connecting in Scotland). This also includes indicating if they want to request Advancement.

3. Is NESO anticipating that queue realignment / modelling will be based on embedded generation above the proposed new 5 MW TIA threshold or will things progress on the current 1 MW TIA threshold?

The working assumption remains that the 1MW limit in E&W is the threshold until a decision is made on CMP446.



Arrangements for Embedded Projects

4. For the Gate 2 Readiness Criteria, do embedded users need to provide evidence in advance of a Transmission connected project, as we have to allow for the extra step of the DNO? When are DNOs going to provide a backstop date?

Embedded developers need to contact their host DNO or Transmission Connected iDNO. Networks are aiming for the distribution backstop date to be as similar as possible to the transmission backstop date.

5. What data was used to make the "Full queue" compared to CP30 2035 permitted capacities for distribution zones, shown in Data Impact Assessment that NESO published? Does it count all schemes listed in ECR and embedded connections in TEC?

An extract of the TEC Register and Embedded Registers were used for the purposes of the Impact Assessment.

6. Why are iDNO-transmission projects now regarded as embedded?

Projects connected by a Transmission Connected iDNO are distribution connected and hence relate to the distribution CP30 permitted capacities to ensure consistency for distribution connected developers.



Arrangements for Embedded Projects

7. Can embedded hybrid multi-tech schemes in Scotland remove some of their technologies upon entry to Gate 2? And if yes, how do they do that?

Yes, via the Readiness Declaration. However, note that, if this also means requesting a decrease to the TEC / Developer Capacity, developers are then liable for a Cancellation Charge.

8. According to CNDM 5.8, NESO will allocate large D-projects after receiving provisional small/medium embedded allocations from DNOs. Does this mean small/medium projects have priority over large embedded projects for strategic alignment? Does that not deviate from the NESO agreement sign date principal?

It does not mean that small/medium projects have priority over large projects. The allocations will be reassessed, and large projects will still be incorporated into the relevant 'sub-queue' based on their existing relative queue position, readiness status and contracted connection date (or requested advancement date, where supplied). This could result in a small/medium project, included in the provisional allocation, being displaced from the queue due to the addition of a large project.

9. If a distribution project does not request advancement, will its connection date be moved forward if the network reinforcement to connect its capacity is available earlier?

Earlier dates are only offered to distribution projects that request advancement. If a distribution project doesn't request advancement, then the data on its contract will be the date it has originally.



Arrangements for Embedded Projects

10. What happens with the distribution projects that don't meet gate 2, do they automatically go to the next app window if there is still spare capacity?

No, any distribution projects that don't meet gate 2, do not automatically go to the next app window. The DNO will need to put them forward as and when they meet gate 2.

11. Will distribution projects with an accepted connection that have not yet gone through Distribution project progression, be allowed to participate in 'Gate 2 to Whole Queue'? If not, what is the status of Transitional Arrangement Phase 2, which promised to provide a 'step 1-type offer' to embedded distribution projects and would therefore provide a route to participating in Gate 2 to Whole Queue?

Only distribution projects that have gone through the Distribution project progression process and are in a signed contractual position following that process will be able to go through the Gate 2 to whole queue process. DNOs are working with NESO to get all distribution projects into the process ahead of confirmation from NESO on the transitional arrangements for DNO processes.

12. If a distribution project does not meet strategic alignment, does this mean it loses it technical limit offer?

Yes. If a distribution project does not meet strategic alignment, it does not have any transmission system access. Hence it cannot benefit from the technical limits initiative.



Arrangements for Embedded Projects

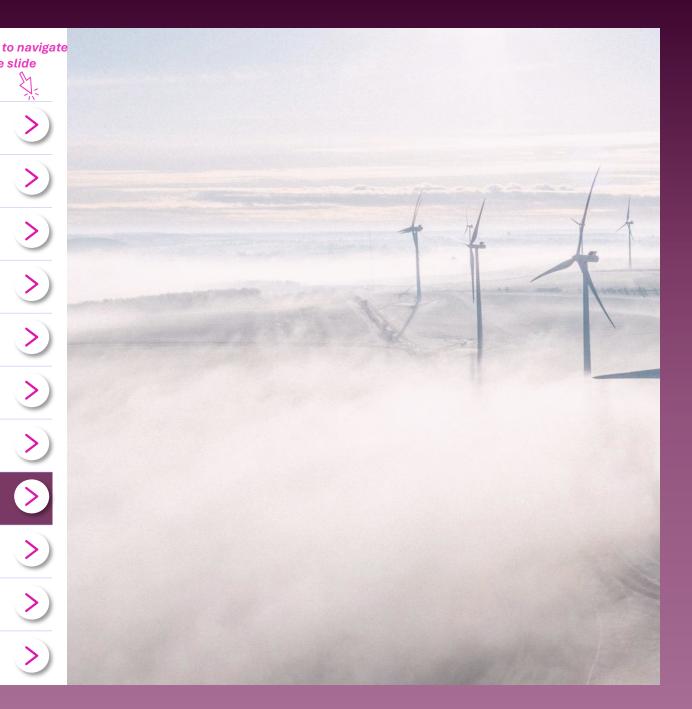
13. How will existing distribution projects, with non-firm connections be affected by these reforms when waiting for a firm connection?

Distribution projects will be entered into the reform process based on their existing firm connection date. Distribution projects meeting Gate 2 and a) being subject to protections; or b) falling within the CP30 regional quotas will be entitled to request advancement. Advancement will look to accelerate distribution projects both for firm energisation dates and non-firm energisation dates to seek the best advancement options for the connection.



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Queue Management Milestones



Queue Management Milestones

1. If a project receives a Gate 2 offer for a pre-2030 connection and meets M1-M3 milestones but not M7 and M8 milestones, what would NESO do?

As per current Queue Management Process, please refer to Queue Management Guidance and speak to your Customer Contracts Manager if need any clarification.

2. Is Milestone 7 project construction or financial commitment? What evidence should be provided?

Milestone M7 is Project Commitment. More specific evidence requirements are set out in <u>Queue Management Guidance</u> (noting that this will be updated to incorporate changes due to CMP434 prior to the code implementation date). There is equivalent QM guidance held by the ENA for Distribution connected projects.

3. What will NESO do if the queue management mechanisms don't work (e.g. projects cancel their capacity in droves, or there are still "too many" GW contracted to be able to connect them all)?

We will monitor levels of attrition (including via queue management milestone terminations) from the connections queue in order to inform the first Strategic Spatial Energy Plan and increases to the permitted capacities for each project. Our CNDM sets out how we will replace projects that exit the queue. We are confident that the future connections queue will contain an appropriate volume/capacity of projects, as aligned to Government's strategic energy plans and we will enforce compliance with queue management milestones that will be included in all contracts in the reformed connections queue.



Queue Management Milestones

4. Will the M1 & M2 milestones be forward or backwards calculated?

QM Milestone M2 will be backwards calculated. QM Milestone M1 is the earlier of forward and backwards looking as below:

"As set out in CUSC Section 16, requirement to submit the application for planning consent (unless already met at the time of the Gate 2 Application) at the earliest of:

i) the Queue Management Milestone M1 ("M1") calculated back from the contracted completion date; or

ii) MI calculated forwards from the Gate 2 offer date (based on an agreed standard time period calculated from the date of the Gate 2 offer for each planning type) to move from Queue Management Milestone M3 ("M3") to MI."

5. What happens to QM dates occurring during Gate 2 window - pre decision?

We ask customers to continue to submit evidence in compliance with relevant QM milestones until they receive and accept a GI ATV or G2 offer, at which point their revised contract will clarify the ongoing position re the QM milestones (noting QM requirements fall away for Gate 1 Projects).



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Connections Queue Visibility



Connections Queue Visibility

1. Will hybrid schemes with batteries that have no real import capacity be penalised regarding their connection date? Or will the battery be ignored? And in terms of queue reshuffle, will they be assessed based upon the other generating technologies they have e.g. solar?

From the point of view of allocating projects against the requirements of the plan, batteries that do not have an import capacity will not contribute to the total 'permitted capacity' for batteries and therefore this technology will not influence the queue position. Any changes to queue position will be a result of the planning status of the project and the other generating technologies that form part of the project.

2. Can NESO provide a full GB wide connection queue using the relevant Modification Application acceptance dates to cover both distribution and transmission?

NESO are not currently able to publish identifiable information regarding projects, other than where permitted by the codes. We have committed to publishing as much information as we are able to, at the point of the queue being reordered. See CNDM Section 5.18 for more information.

3. When can we expect to find out about our connection dates?

We anticipate notifying individual developers in Summer 2025 as to whether they have met the Gate 2 Criteria and if so whether they have been allocated to Phase 1 or Phase 2 in the queue formation process. We anticipate notifying developers of their revised connection offers by End 2025, which will include connection dates. As set out in our CNDM we will attempt to accommodate the connection dates requested by developers, which should be more likely if developers wish to retain their current dates. Please note that these implementation dates are still TBC as they are dependent on the timing and nature of Ofgem's decision on our connections reform proposals.



Connections Queue Visibility

4. It was mentioned that connection offers where NESO counter signature is more than 28 days after customer signature, the customer signature date will be used to determine position in the queue. Shouldn't all connection offers be added to the queue based on customer signature dates?

NESO Countersignature date is what is used today to determine queue position, and is the point at which the contract becomes a legal document. As such, we only wish to deviate from this in cases where NESO is the sole cause of a delay (i.e. where the delay occurs between customer signature and countersignature). Our full reasoning for this position is set out in the 'Consultation Summary Report' we published on 20/12/24.

5. Regarding the Project Progression counter signature date being used for queue positioning, will this not be problematic based on the long delays at some DNO's to submit PP's vs others?

This issue has been considered at length. Changing the queue positioning for one developer will impact others. Therefore, using the existing queue positioning is the chosen way forward (subject to Ofgem decision). This provides the most stability for developers. Our full reasoning is set out in the 'Summary of consultation responses' document published on 20/12/24.

6. The queue position of relevant embedded generation in the GB-wide queue will be determined based on the Project Progression they were included in, and the date this was countersigned by NESO. Where can we access those dates?

At present, these are not publicly available. We would suggest contacting your DNO if you require confirmation of this date in relation to your project(s).



Connections Queue Visibility

7. How is the NESO managing new queue entrants during the reform process?

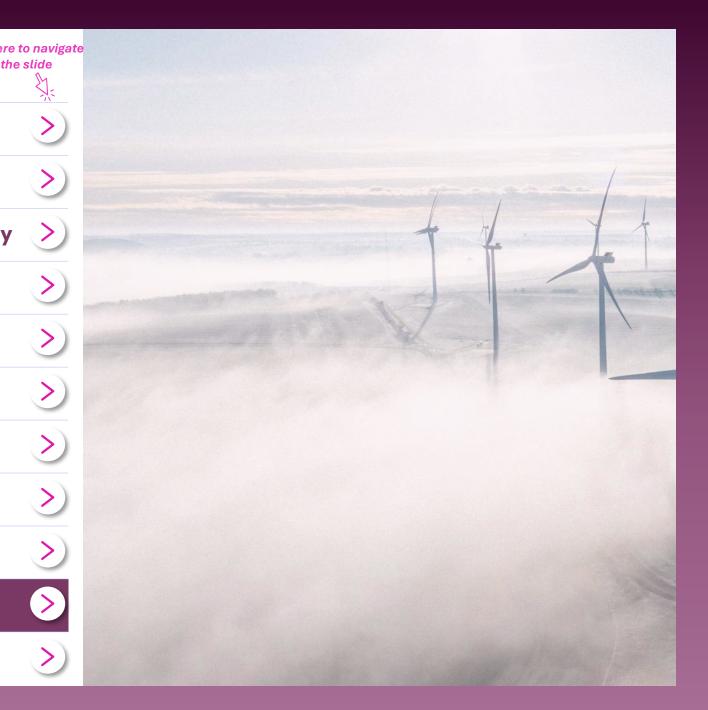
- The transitional arrangement had begun on 29 January 2025, which was the deadline for all applications (except for new directly connected demand applications and specific modification applications) to be submitted to NESO.
- For applications received by the deadline, NESO and TOs used their best efforts to 'clock start' all applications received by 12 February 2025. Any applications that have not been clock started by this date will not be processed and will need to be submitted in the first new application window. This arrangement will enable resources to be dedicated to delivery of connections reforms at pace across 2025.
- The scale and complexity of the reforms means that we need to act quickly to provide enough time for successful delivery of connections reform. This is not a decision we have taken lightly, and we have consulted widely with industry on the shape of our reforms prior to the beginning of the pause.
- Regarding the queue reopening, we are working to determine exact dates and to establish a timeline that works for all parties involved. We will provide an update to the industry as soon as this is confirmed.
- Future windows will allow new applications to be targeted at technologies / locations that best facilitate CP30 and 6th carbon budgets, and then the SSEP (once that is in place).

NB. Demand projects not covered by pause or capped by Clean Power 2030.



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1. Are co-located schemes not being assessed in CP30 as more valuable than single technology projects?

The technologies of different projects in hybrid projects are considered separately for the purposes of allocation against plan requirements, based on their behaviour and impact on the system. No relative priority is given to hybrid projects as part of this process.

2. According to CNDM 5.5.2, CP30 Report mentions accelerating three additional projects by 2030. What are these "three additional projects"?

Note these are network infrastructure projects rather than generation or demand connections. More information can be found in our Clean Power 2030 Report (Annex 2, Section 2.3) and the accompanying data workbook.

3. How can TOs deliver all the connections and network by 2030, even assuming rapid implementation of reform plus CP30, strategic and regional planning and existing consultation and planning timelines? Greater practical clarity on this will give confidence as it is bigger than Queue issue.

We agree that queue reform is only one part of delivering connections and network by 2030. Our <u>Clean Power 2030 Recommendations to</u> <u>Government</u> set out the range of additional initiatives we consider are necessary.



4. Is 2030-2035 in scope of CP2030?

Yes. Please see the 2035 permitted capacities set out in Government's CP30 Action Plan Connections Reform annex.

5. Are projects with planning approval inside or outside the CP30 pot allocation?

Protected projects will still count towards the permitted capacities for each zone. However, if the MW total of protected projects exceeds the permitted capacity, all the protected projects will still receive a Gate 2 offer.

6. How can SSEP fix non-optimal CP30 'permitted capacities' when we have been told that these CP30 values are fixed?

The first Strategic Spatial Energy Plan (currently expected by End 2026) will focus on a time horizon beyond 2030. See here: <u>Strategic</u> <u>Spatial Energy Planning (SSEP) | National Energy System Operator</u>. Government's CP30 Action Plan Connections Reform Annex is clear that: "These FES-derived [2031-35] ranges do not constitute a government pathway, but rather an established, public basis through which to provide longer term certainty on connections, ahead of the Strategic Spatial Energy Plan (SSEP), due to be published in 2026". We have set out that we do not intend to remove contracted projects in the new queue because of the first SSEP; however, where the SSEP increases permitted capacities, then we would use those as the basis for future Gate 2 offers.



7. Regarding industry challenge on the CP30 permitted capacities, NESO's response has roughly been "recommendations were not based on network requirements (e.g. constraints), but the SSEP will allow for correcting this". How can this be the case if the CP30 Action Plan permitted capacities are final?

The first Strategic Spatial Energy Plan (currently expected by End 2026) will focus on a time horizon beyond 2030. See here: <u>Strategic</u> <u>Spatial Energy Planning</u>. Government's CP30 Action Plan Connections Reform Annex is clear that: "These FES-derived [2031-35] ranges do not constitute a government pathway, but rather an established, public basis through which to provide longer term certainty on connections, ahead of the Strategic Spatial Energy Plan (SSEP), due to be published in 2026". We have set out that we do not intend to remove contracted projects in the new queue because of the first SSEP; however, where the SSEP increases permitted capacities, then we would use those as the basis for future Gate 2 offers.

8. While there are CP2030 pots for wind, solar and batteries, there is no spatial pots for LDES? Are there additional studies to be done here? If not, how will this be managed?

LDES project capacity will be allocated on a national basis as per Government's Clean Power 2030 Action Plan.

9. Will hybrid (PV & BESS) schemes be able to drop their BESS element as part of the 435 window if they are not able to meet the region's CP30 allocation? Will this require a Modification Application, and will there be cancellation charges?

Yes, via the Readiness Declaration and it will not need a Modification Application unless also seeking Advancement of the current connection date. If dropping the BESS element (in this example) also means a decrease to the contracted TEC / Developer Capacity, and this is also requested within the Readiness Declaration, there will be a Cancellation Charge.



10. If DNOs are going to successfully facilitate CP30, then they will need to provide better guidance on available capacity/expected curtailment in the DNO network and will need to re-order their own queues to reflect projects that are ready. Is NESO going to address this?

NESO will be publishing consolidated queue data which will show where there is undersupply against the CP30 Plan. This should help developers when applying into the next application window (under CMP434).

11. NGET released their RIIOT3 BP inc 35GW of connections and an aspiration to double connections (currently 8 for 2024). Have DNO/TO performances been considered for the queue formation volumes?

Ofgem is separately consulting on NESO and network company incentives and obligations as part of their 'End-to-End Review'. We agree that queue reform is only one part of delivering connections and network by 2030. <u>Our Clean Power 2030 Recommendations to</u> <u>Government</u> set out the range of additional initiatives we consider are necessary.

12. Where there are more projects in the pipeline than needed (e.g. BESS in SPT area), do you expect BESS connections to be removed from the queue or simply delayed?

Projects that exceed the permitted capacities in the CP30 Action Plan will be removed from the queue via a Gate 1 Agreement to Vary.



13. For LDES, are the capacities published going to apply at a national level, to both transmission and distribution, or are there more granular breakdowns?

LDES will remain as a single GB-wide zone as outlined in the CP30 Action Plan.

14. Do you think there is any scope for the technology caps to be increased in the various transmission zones (aside from via the transfers)?

The only routes for permitted capacities to be changed (before SSEP) would be for Govt to reopen the CP30 Plan and increase capacities and/or for NESO to protect more categories of projects that exceed the CP30 plan permitted capacities. With regards CP30, this is a matter for Government; however, NESO is not currently advising on the need for changes. In terms of protections via the connections process, we consider that we have the right balance via the 'protections' and via the 'substitutions' we're allowing (e.g. oversupplied tx solar could sub in for undersupplied dx solar in the same/adjacent zone). We can't increase the amount of protections further without resulting in a more material deviation from CP30 and we don't think there are other categories of protection that would be targeted or justifiable.

15. Have the Distribution companies analysed/confirmed that they can build the network needed to accommodate the number of connections and capacity by 2030?

Generally, transmission reinforcement takes longer to construct than distribution reinforcement. Therefore, distribution reinforcement is not expected in general to be a blocker to meeting 2030, particularly as DNO investment plans are expected to be aligned with CP30.



16. With CP30 and the reforms, how do you think these will impact data centre connections?

Data centre connections are classified as 'demand' connections. Transmission connected demand connections meet limb d) of the strategic alignment criteria (see page 33 of the Gate 2 Criteria Methodology). As such, transmission connected demand connections have no limit on permitted capacities and are only required to meet the readiness criteria. Such demand projects will be treated under the same principles as all other projects when it comes to queue formation (see page 36 of the CNDM) and are therefore neither prioritised nor deprioritised compared to other projects in general in terms of queue formation. Embedded demand connections are not within the scope of these reforms.

17. Assuming import potential is restricted to periods of oversupply, why would NESO seek to cap the amount of storage that can be colocated with generation and utilise the same grid capacity?

Our proposals are to align to the Government's CP30 plan. The plan has set out a requirement for a certain amount of BESS operating on the system. There is no material difference from a system behaviour and impact perspective, between for example a battery that is colocated with solar and wants to behave as a battery on the system (i.e. import and export), and a battery that is stand-alone.



18. Where projects are not considered a CP30 priority, how would timelines be affected?

We are not ordering the new queue based on prioritising CP30 aligned projects over projects that are not in scope of CP30. For example, if you're a demand project and don't need to align with the CP30 Plan, then you won't be put behind all CP30 aligned projects in the new queue. Queue formation and ordering rules are based on a combination of factors and most notably:

- Land Rights and planning: If you have secured planning consent you will remain ahead of someone else in the queue who also has only land rights.
- Planning consent status: those more advanced in planning receiving a higher queue position and current queue order.

By taking this approach, we are able to rightly prioritise and get projects closest to realistic completion connected first.

19. What benefits does NESO consider to be delivered by a standalone battery versus a co-located battery? If none, what is the justification for allocating scarce grid capacity that could be better utilised for a co-located project?

In terms of reflecting the CP30 plan in the connections process we are not prioritising or deprioritising projects based on whether they involve colocation. There are no limits for projects involving colocation.

Our proposals would impact on projects that involve collocation or not in the same manner. In response to stakeholder feedback, we have proposed prioritizing projects based on the protections we intimated and planning status.



20. If NESO disaggregate generation and storage, could it likely mean a project that could include XMW storage can only deliver a proportion of this?

- The Government's CP30 plan sets out requirements for different technologies in different zones. It does not indicate a preference for colocation. We as NESO have reflected their plan in our proposals for connections reform. We are not discriminating between projects based on whether they involve co-location.
- We continue to consider that it is important that hybrid projects should be treated under the reformed connections process in line with their behaviour and impact on the electricity system. Most hybrid battery projects are: a) significantly less 'ready' than stand-alone batteries in the queue; and b) much further back in the current queue than stand-alone batteries.
- To prioritise hybrid battery projects for example on the basis of potentially more efficient use of existing network capacity, would therefore be to deviate materially away from the queue ordering and management arrangements set out in the CNDM. This would disadvantage well-progressed stand-alone batteries (by either pushing them back in the queue, or resulting in them not meeting the strategic alignment criteria) and would likely ultimately delay the connection of the capacity of batteries we need as part of the overall project mix to deliver Clean Power by 2030. Our proposals for the treatment of hybrid projects do not prevent those projects from utilising, for example, a battery 'behind the meter' if the 2035 battery permitted capacity has been reached. This would allow a generation project to change the profile of its export capacity, if that provided commercial benefits for that project.



21. What was the methodology used to calculate the GWs in each technology pot, in particular, for solar?

- As highlighted in the Connection Reform Annex of the Government's Clean Power Action Plan (CPAP), the top end of the solar capacity allocation was informed by FES 2024 (specifically the Holistic Transition (HT) scenario).
 - FES24 projected the final 2024 installed solar capacity to be 0.6GW on the transmission network and 10.5GW and 7.4GW on the distribution network connected at >1MW and <1MW levels respectively.
 - For 2035, FES 2024 HT assumes a total solar capacity of 69GW of which 17GW is connected at transmission level with the remainder connected at distribution level (including micro-solar).
 - Therefore, the transmission distribution split for CP30 is consistent with that of FES 2024. The FES process incorporates a significant degree of stakeholder engagement during and between each year's publication.
 - For 2030, the shortfall between the top of the DESNZ solar range (47GW) and the equivalent in FES 2024 HT (40.5GW) was met by increasing the transmission-connected element from the 4.6GW in FES 2024 to 10.8GW. The distribution-connected capacity remained at approximately the same level as FES 2024 HT (36GW).
 - This was informed by feedback from stakeholders (networks and developers) on the draft breakdowns, and the increase in the transmission-connected capacity reflected the increased number of NSIP-scale solar projects that had secured consent since the earlier analysis.
- In terms of how the solar capacity was then allocated regionally, this was done by aligning as far as possible to the FES 2024 spatial assumptions, based on the generation queue and evidence gathered during the FES process.



22. CP30 Action Plan amalgamated license areas, with potential implications for yield (e.g. South-West Solar yields can be >10% higher than East Midlands). Does this necessitate a revision of NESO's proposed capacity per region?

The amalgamation of licence areas to continuous DNO patches was done to balance the conflicting needs for more granular regions (which allow for better network planning etc) vs more simplified regions (which reduce inefficiencies in capacity allocation from a connections perspective). There is currently no plan to revise these amalgamised DNO areas.

23. Once the targets are met for 2035, is NESO suggesting no more projects in those areas? Essentially, the end of new projects for a long time, even if financially viable?

The first Strategic Spatial Energy Plan (currently expected by End 2026) will focus on a time horizon beyond 2030. See here: <u>Strategic</u> <u>Spatial Energy Planning (SSEP) | National Energy System Operator</u>. Government's CP30 Action Plan Connections Reform Annex is clear that: "These FES-derived [2031-35] ranges do not constitute a government pathway, but rather an established, public basis through which to provide longer term certainty on connections, ahead of the Strategic Spatial Energy Plan (SSEP), due to be published in 2026". We have set out that we do not intend to remove contracted projects in the new queue because of the first SSEP; however, where the SSEP increases permitted capacities, then we would use those as the basis for future Gate 2 offers.



24. How is a Low Carbon Dispatchable Power generation defined and assessed? For example, there is no hydrogen available at economic cost but this is anticipated for future fuel source.

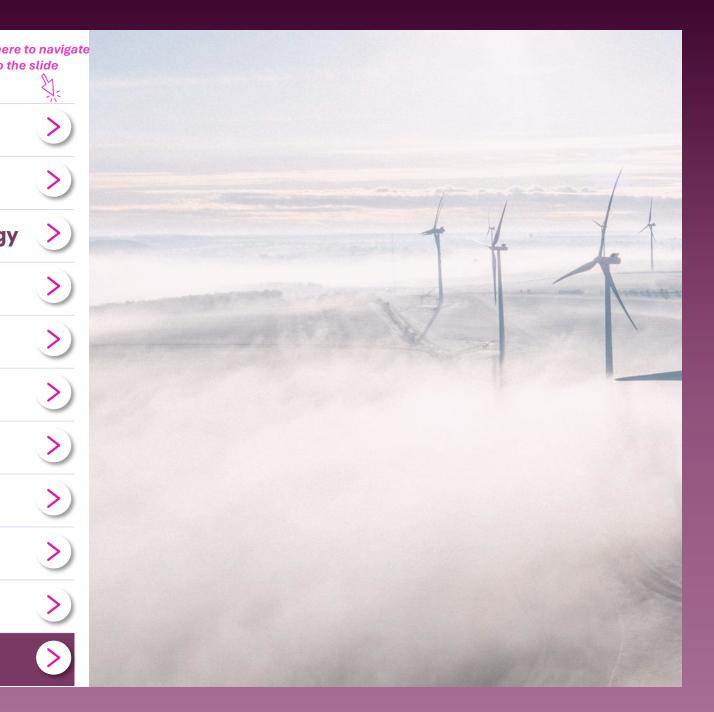
Low Carbon Dispatchable is defined within the Government Clean Power 2030 Action Plan as "Dispatchable technologies are ones which combust fuel to produce electricity and, by varying the rate at which fuel is burned, can respond to meet the needs of the grid with varying levels of flexibility. This category includes biomass, power BECCS, gas CCUS and hydrogen". The capacity of the generation station would contribute to meeting the requirements of the plan.

25. It would appear that battery is going to be approximately 1 hour supply (assuming no gas post 2035 and a no wind/no solar day). Is that enough, should it not be 24hr equivalent?

The assumptions in the CP30 analysis around battery storage reflect what was in FES2024 with separate accounting for battery power (in MW) and battery storage capacity (in MWh) but an average duration of 1.5–2hrs. We do see an increase in the average storage duration in our models which points to an increase in the numbers of battery installations capable of longer storage durations. The analysis envisages battery storage operating alongside other sources of flexibility (including Long Duration Energy Storage (LDES), interconnectors, Demand Side Flexibility (DSF), clean dispatchable power such as Carbon Capture Usage & Storage (CCUS) or Hydrogen to Power (H2P) among others) to balance supply and demand.



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1. Has the significant Modification Application criteria for Connections Reform been defined?

Not yet, the 'Gated Modification Guidance' will be published prior to the code implementation date.

2. When can we expect the Material Technology Change Guidance and the significant Modification Application guidance published?

This will be published prior to the code implementation date.

3. Could you provide an update on the various policy/guidance documents that are outstanding, when they will be published and if industry will be able to provide an input for those?

We do not yet have an update, but we will look to provide it in due course and to ensure industry have sufficient opportunity to feed back on outstanding policy / guidance documents.



4. Are DNOs going to make their ECR's more accurate, and maybe even populate all the ECR columns?

There will be more data provided as part of the 'Gate 2 process'. This in turn will help to provide transparency between Transmission and Distribution.

5. Does the DNO process also apply for transmission connected IDNOs?

Transmission connected IDNOs and DNOs are treated nearly identically in these reforms.

6. If the DNO/TO provides a maximum advancement date in 2030 but cannot meet it, what process ensures accountability for the energisation date?

This is currently being considered by Ofgem within their 'End-to-End Review' consultation process.



7. How will the TOs and DNOs be held accountable for their delivery dates going forward?

Ofgem is separately consulting on NESO and network company incentives and obligations as part of their 'End-to-End Review'.

8. How will NESO determine the connection date for a hybrid project? For example, in a PV and BESS collocated project, will the PV element of the project receive a separate connection date from the BESS?

Each hybrid technology 'in front of the meter' will be considered separately in the queue formation exercise and so these may end up with different queue positions and/or allocated to different 'phases' as a result. This may mean the connection dates and associated works (etc) are different.

9. How are connection agreements which are signed by the project developer but not by NESO, treated for the purposes of the reforms? Are they existing projects?

No. Existing Agreements for Projects which are in scope of Gate 2 to Whole Queue are those which have been 'entered into between The Company and the User prior to EA Cut Off Date [being '23:59 on the date before the CMP435 Implementation Date'] as set out in proposed CUSC Section 18.



10. Does this accelerated storage initiative termination apply to Scotland accelerated storage offers too?

No. The Scottish accelerated storage offers will still go out as planned.

11. How will NESO know customer signature date? Contracts are not dated when signed, only when countersigned by NESO

Queue position is by default determined by the NESO countersignature date, which is recorded. NESO also records the customer signature date in our CRM system upon receiving a signed contract.

12. Is there going to be a TEC amnesty process in 2025?

The TEC amnesty process previously run as part of the 5-point plan has been superseded by Connections Reform. Therefore, we are not planning to run a TEC amnesty process in 2025.



13. If Phase 2 projects are reordered, then will LIFO stack change?

Questions on LIFO stacks should be directed to the relevant DNOs or Transmission Connected iDNO.

14. What was slide 43 in the webinar about?

Slide 43 was setting out further information on technical limits and how those arrangement interact with the protection clauses.

15. What level of resource is NESO allocating to manage this process, and how confident is NESO that it will be sufficient (both in numbers and competence)?

Connections Reform is one of NESO's core priorities and we are committed to success. We are allocating appropriate levels and competence of resources to deliver that success.



16. IMW reference in relation to TIA is for E&W? Is it the same for Scotland?

No, the thresholds for Scotland are different. Scotland South - 200kW; Scotland North - 200kW on the mainland and 50kW on the islands surrounding the mainland.

17. Termination of Accelerated Storage Tranche 2 - why is there 'not enough time' prior to the gate 2 alignment?

We were aiming to progress Tranche 2 by End 2024. However, this was superseded by events, specifically the publication of the Clean Power 2030 Action Plan. We have been working with NGET to resolve, but (together with NGET) we have decided to not progress Tranche 2 as it does not make sense from a customer perspective. Customers would need to sign offers by the end of May 2025. This would be difficult given the extensive modelling work needed by customers to understand the non-firm availability being offered. In addition, the offer would still be reviewed and potentially further amended as part of the Gate 2 to Whole Queue process.

18. Is Modification Proposal Form 'CMP446: Increasing the lower threshold for Evaluation of Transmission Impact Assessment' still happening and not affected?

Yes, CMP446 is still happening and has just been granted urgency by Ofgem



Public

Other Questions

19. When will QM Guidance update be published?

To support customer planning our intention is to publish the updated QM Guidance prior to the code implementation date.

20. Will all questions asked at the webinar be answered in a Q&A/FAQ document?

This FAQ document covers the questions asked at the webinar, noting there are a handful which still require an answer in a future update (and we have removed material duplicates).

21. Will there be a summarised/basic document to explain the reforms?

We are working on this and hope to share something in March 2025.



22. How will NESO address Connection portal errors during critical Gated Window?

If customers are having difficulty or issues with the Connections portal, they can use the "Need Help? Get in Touch" function which allows them to email their issue and get help.

23. How will NESO and TOs use Gate 1 offers to guide anticipatory investment decisions?

We expect anticipatory investment based on Gate 1 projects to be minimal prior to the first SSEP publication, as until then we will be focussing on maximising existing network capacity to 2030 and optimising the network plan to 2035. With the introduction of SSEP there will be a longer-term view of need, accompanied by the necessary spatial information to give NESO and TOs confidence that anticipatory investment will be utilised. Once TMO4+ is more established, NESO believes there will be a stronger case for using Gate 1 projects that align to future strategic plans to inform anticipatory investment.

24. Projects becoming Gate 1 may lose existing point of connection. Does this mean a potential change of substation the project would connect into?

Any projects becoming Gate 1 projects will only receive an indicative connection point so there is a risk that the original connection point offered to a Gate 1 project has been allocated to other projects if and when a Gate 1 project meets the Gate 2 criteria. In that instance the project would be allocated an alternative connection point, although the location of the project would be taken into account when allocating a new connection point.



25. How will the reforms to which grid connections are prioritised reflect decisions taken by the Strategic Spatial Energy Plan (from 2026)?

- The SSEP is a long-term plan that assesses the best locations, quantities, and types of energy infrastructure needed to meet future demand. The work considers environmental, economic, and technical factors, as well as public views and will help determine the optimal mix of technologies to use and importantly help inform decisions about how to prioritize capacity for new connections.
- From 2026, the reforms to grid connections will reflect decisions made by the SSEP by prioritising capacity for new connections based on the SSEP's recommendations. This means that the SSEP will help determine which new projects get connected first, ensuring that the most suitable and necessary new projects are prioritised.
- In simple terms, the SSEP will guide where and what kind of new energy projects should be built, and Connections Reform will ensure that the projects that align with these guidelines get connected to the grid more quickly.

26. What does "live" Cap and Floor refer to?

By referring to 'live' Cap and Floor we are referring to a project having an active Cap and Floor agreement with Ofgem. Ofgem can and sometimes does remove Cap and Floor agreements from projects. In such instances those agreements would not be 'live'.



27. Is there an update on the outcome of the proposed Financial Instrument?

Now known as a "Progression Commitment Fee", the CMP448 (Introducing a Progression Commitment Fee to the Gate 2 Connections Queue) Code Modification was raised 10 February 2025. For more details, please click here: <u>CMP448</u>: <u>Introducing a Progression</u> <u>Commitment Fee to the Gate 2 Connections Queue</u>.

28. Will NESO regularly update the TEC register during the whole queue shuffling process this year?

The TEC register is updated as contracts are signed or fall away. Therefore, it will be updated with which projects are Gate 1 and which are Gate 2 once the CMP435 process concludes.

29. Will NESO prioritise delivery of contracted connections for viable projects to existing substations above incurring additional costs?

Where capacity is made available at existing substations due to projects being removed from the queue, our intent is to assess whether other projects, previously contracted to 'new' substations, can be connected to the existing substation to facilitate advancement. This is why, as part of the Gate 2 evidence submission, we will be asking whether projects would like to be considered at a different point of connection. We are aware of many developers that originally requested connections at existing sites and have now been offered 'new' sites. We hope that this is an opportunity to reoffer a connection to existing sites.



30. Can NESO explain why asking projects to evidence land rights to prove viability and then reordering the queue based on this viability would not be a rational first step?

We are doing this as soon as possible under the framework we are working within. We cannot obligate developers to provide this information until we have reason to do so, and this requires a decision from Ofgem on the reformed process. Phasing this process into several steps and introducing delays to allow time for reassessment of the pipeline will only further delay the TO studies and issuing of offers to those that remain in the queue.

31. Can NESO explain why projects that already hold a grid offer but may now be deemed "not needed" due to NESO's fixed caps should not be allowed the opportunity to proceed by funding their grid connection costs?

All connections that import or export directly from the electricity transmission system, even if self-funded by developers, have an impact on local (e.g substation bay) and wider network (e.g moving power from point A to point B over longer distances). As such they trigger network investment and system balancing / constraint costs that are borne by consumers. They also impact on the network reinforcement necessary for other relevant projects in the overall connections queue (which in turn affects their connection dates), and the additional DNO and TO resource required to assess, plan for and commission these projects.

32. Has NESO communicated the end of May deadline to Energy Consents Unit?

We are in discussions with the Energy Consents Unit in relation to reforms.



33. In NESO's view, will projected project attrition rates change with the new changes that will be in place?

- Project attrition is due to a number of factors e.g. the level of speculative or duplicate applications submitted by developers, market conditions, planning consent regimes, wider financing or economic conditions. Introduction of readiness requirements at Gate 2 for all projects in the reformed queue should remove or at least significantly reduce speculative or duplicate applications; however, market conditions, planning consent regimes, wider financing or economic conditions will continue to play a part so there will continue to be project attrition post Gate 2.
- Our expectation however is that future project attrition will be significantly lower than the current 60-70% observed historical rates due to the removal of speculative or duplicate applications.
- We will continue to closely monitor project attrition via our ongoing contract management of contracted parties.

34. In NGED's slide 43, should by 'May' be stated as 'by end of May'?

This slide is being reworded following feedback Please see the ENA webinar slide for the updated version.

35. Is there a single master flowchart/ diagram to understanding the entirety of the grid connection reform environment/ processes, including interactions?

We are working on this and hope to share something in March 2025.



36. What is your definition of LDES that you are using? Is it just projects with 6+ hours duration of storage?

We will refer to the definition of LDES within the LDES Technical Decision Document to be published by Government, assuming this is published prior to TMO4+ go-live. If it is not published, we will use the LDES duration as currently outlined in the CP30 Action Plan (Connections Reform Annex).

37. Distribution Projects below 1MW are out of scope. Does this relate to 1MW installed capacity or 1MW export? Is there any limit on installed capacity size? Also, in some cases, DNOs flag fault level constraints that override the 1MW limit, is this correct?

The NESO view is that this is installed capacity. However, NESO is aware that this has been interpreted differently across industry. This is currently being discussed in the CMP446 working group. Yes, it is correct that in some cases DNOs flag fault level constraints that override the 1MW limit in the proposals.



38. If Hybrid projects are going to be separated based on the technology and different connections dates, would it not cause issues for the developer in terms of construction and the viability of the project?

- Hybrid projects will be managed according to how they interact with the transmission system.
- If a hybrid project comprising of storage and an additional generating technology intends only to export to the transmission system (i.e. import capacity is behind the meter), it will only be considered as contributing towards the permitted capacity total for the additional generating technology.
- If a hybrid project comprising of storage and an additional technology (or technologies) intends to both import and export to the transmission system, it will be considered as contributing to the permitted capacity totals for both storage and the additional technology (or technologies).
- Users can therefore determine how they want their hybrid to behave and be treated and can retain a technology 'behind the meter' if it is important for construction purposes.

39. If you have a dispute over a connection where NESO / TO made an error, how do we raise this as a dispute prior to evidence in May?

Please contact <u>box.neso.complaints@nationalenergyso.com</u>. A member of the customer team will triage and assign the appropriate owner to investigate and respond. We aim to respond 20 days from acknowledgement and the case owner will ensure you are kept up to date.



40. How does NESO justify giving the large majority of capacity to distribution when the experience of obtaining offers suggests constraints at distribution are far more severe than for transmission connections?

- The regional capacities allocated for onshore wind, solar and battery storage in the Government Clean Power Action Plan were based on NESO advice and analysis. This analysis involved taking the top end of the government range for each target and comparing this to the spatial breakdown published as part of FES 2024 (in most cases the Holistic Transition pathway). It also considered DFES analysis by individual DNOs as well as engagement with network owners more generally on projects connecting to their assets.
- The shortfall between the top of the DESNZ range and FES24 HT for solar capacity was met by assuming additional Tx capacity (e.g. reflecting new projects).

41. How would NESO compensate developers for the time and money they have spent on projects that were proceeding under the old rules?

Any decision on a compensation scheme is a matter for government.



Public

Other Questions

42. Could you provide a link to zonal shape files?

See link here: Zonal Shape Files

43. The upcoming Celtic Sea leasing round is based on a predeveloped grid connection plan included in the Beyond 2035 strategy. The goal is to manage the gigawatts of offshore projects with holding offers. Could you confirm how the capacity for Celtic Sea will be reserved within the G2TWQ process?

There is an expectation that NESO will utilise connection point and capacity reservation (as proposed within codes and methodologies) to protect the integrity of the holistic network design for the Celtic Sea leasing round within the Gate 2 to Whole Queue process.

44. What happens if there's much more demand than anticipated? Would capacities be reviewed?

We are considering the future treatment of demand projects under our Strategic Spatial Energy Plan.



45. Who can we contact to report contradictory issues with the data issued recently on specific substations in certain zones? For example, Bicker Fen listed as Zone T5 in table however sits in Zone T6 according to .shp file published.

- In general, please can this type of query be reported to <u>box.cleanpower2030@nationalenergyso.com</u>
- On the specific example provided, as per the caveat on the website around shape files and maps, these are illustrative only and are not intended to allocate specific projects to specific areas. The spreadsheet published alongside the maps should be used instead.

46. Why are technologies being given limits at all? Shouldn't the market decide? Isn't this about maintaining profits for incumbents?

- We have been clear during the course of our connections reform work as to the reasons for the interventions we are now proposing to the existing connections queue. We do not consider that our 2030 or 2035 ambitions can be met without retrospective action on the existing queue.
- The current queue is at 750GW and is leading to connection offers into the late 2030s. This is not efficient for project developers or consumers in our transition to Net Zero by 2050, as we have over double the capacity in the current queue than we need by 2050, and there is material misalignment with the mix of technologies that will ensure efficient transition to Net Zero.
- Our proposals provide protections for well developed projects and allow a 10-year investment horizon for the mix of technologies we need through to 2035. The first Strategic Spatial Energy Plan (currently expected by end 2026) is currently expected to extend the permitted capacities given that it will focus on a time horizon beyond 2035.

