
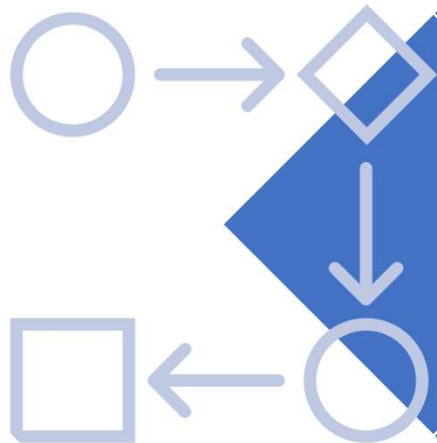


Application of QM Milestones



What is Queue Management?



- A standard set of Milestones and dates as set out in the new App Q
- Provides a process for evidencing progress against Milestones/dates
- Right to terminate (subject to exceptional issues) if the Milestone dates are not met.

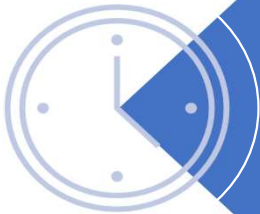
When does it apply from and who does it apply too?



All Offers due out from the 27 November 2023



Applies to all directly connected customer including directly connected demand (it does not apply to BEGA's/BELLA's and Embedded Customers)



Has to be fully implemented within two years of Ofgem decision date – 27 November 2023

QM Legal Terms - overview

New CUSC **section 16** sets out the detail and terms of the Queue Management Process (e.g. lists the Milestones, how dates are calculated, the exceptions and termination process and implementation)

Associated definitions in CUSC section 11 (Queue Management Process, User Progression Milestones, Conditional Progression Milestone, Construction Progression Milestone etc)

New Clause and definition (by ref to the specific project Appendix Q) of “**User Progression Milestones**” added to Onshore and Offshore Connection Construction Agreement (subject to exception for directly connected Demand associated with Embedded Electricity Generation or Demand) N.B in Offshore Agreements Queue Management Milestones doesn't apply to the Offshore Transmission works

New Appendix (Q) added to Construction Agreement (with update to contents page) which sets out (in a table) the Milestones as per CUSC Section 16 with the Milestone date for that project.

Appendix Q Template

APPENDIX [Q] QUEUE MANAGEMENT PROCESS – USER PROGRESSION MILESTONES

The table below specifies the dates (derived in accordance with **CUSC** Section 16) for the **User Progression Milestones** in respect of the **User's** project and the application of the **Queue Management Process**.

Conditional Progression Milestones

Milestone	Date due
M1 – Initiate Planning Consent	
M2 – Secure Consent	
M3 – Land Rights	

Construction Progression Milestones

Milestone	Date due
M5 – Contestable Design Works Submission	
M6 – Agree Construction Plan	
M7 – Project Commitment	
M8 – Initiate Construction	

There will be more than 1 App Q where there is 2 tech types or a staged offer, wherever there are 2 completion date/different tech type that will be the trigger for the App Q

What is the difference between App Q and App J

In the Construction Agreement there are two appendices for programme related activities, **Appendix J** (Construction Programme) and **Appendix Q** (Queue Management Milestones).

Appendix Q will include User Progression Milestones as set out in CUSC Section 16 and are separated into **Conditional Progression Milestones** and **Construction Progression Milestones** which have different termination rights:

Milestone 1 - Initiated Statutory Consents and Planning Permission	Milestone 5 - Contestable Design Works Submission – if the User chooses to go down this route. Otherwise, it will be marked as N/A
Milestone 2 - Secured Statutory Consents and Planning Permission	Milestone 6 - Agree Construction Plan
Milestone 3 - Secure Land Rights	Milestone 7 - Project Commitment
Milestone 4 - N/A	Milestone 8 - Initiate Construction

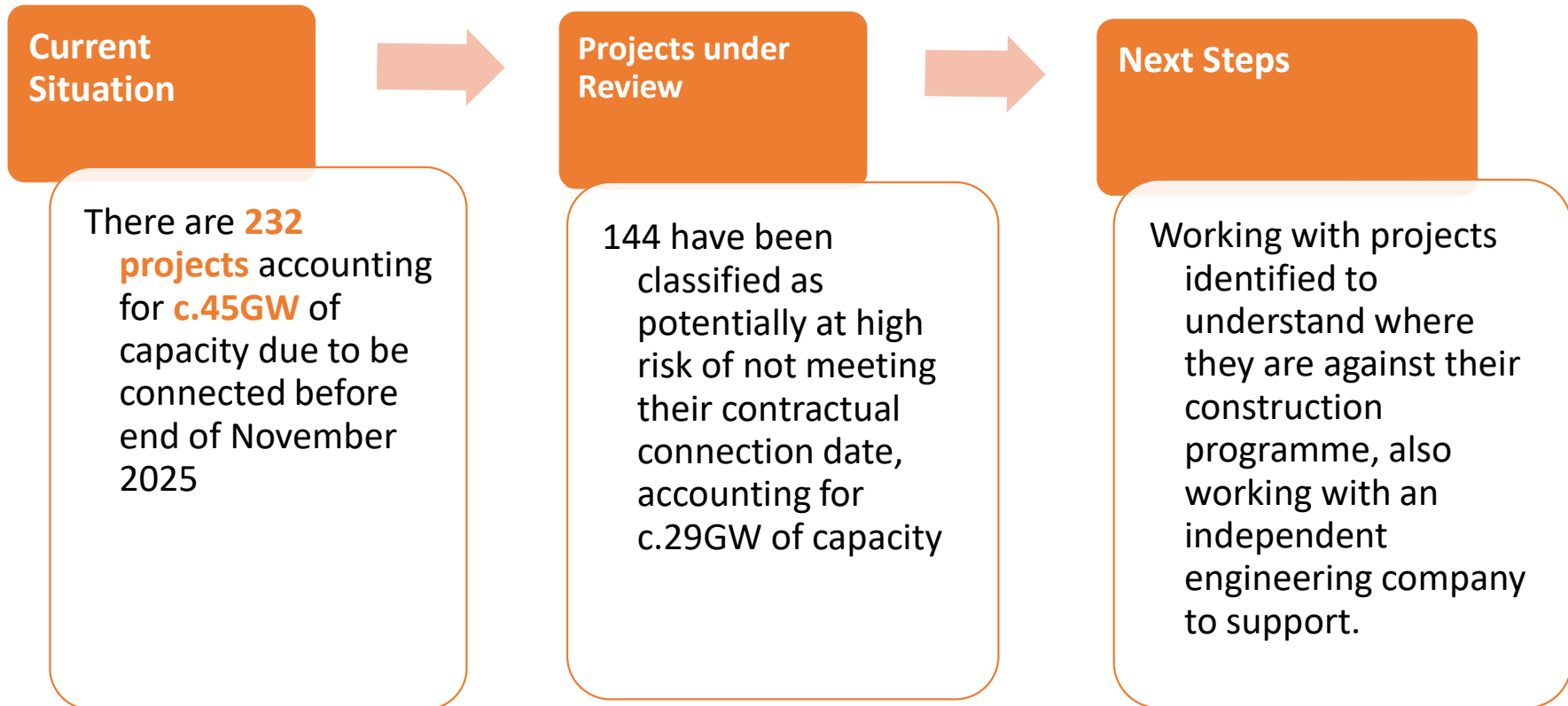
Appendix J Construction Programme - covers programme related activities in the Construction Agreement, which sets the User Progression Milestones by reference to the original programme in Appendix J - by setting the agreed programme of works to be carried out which can change by Agreement between the ESO and Relevant Transmission Licensee and the User.

Workgroup Alternative CUSC Modification (WACM) 7

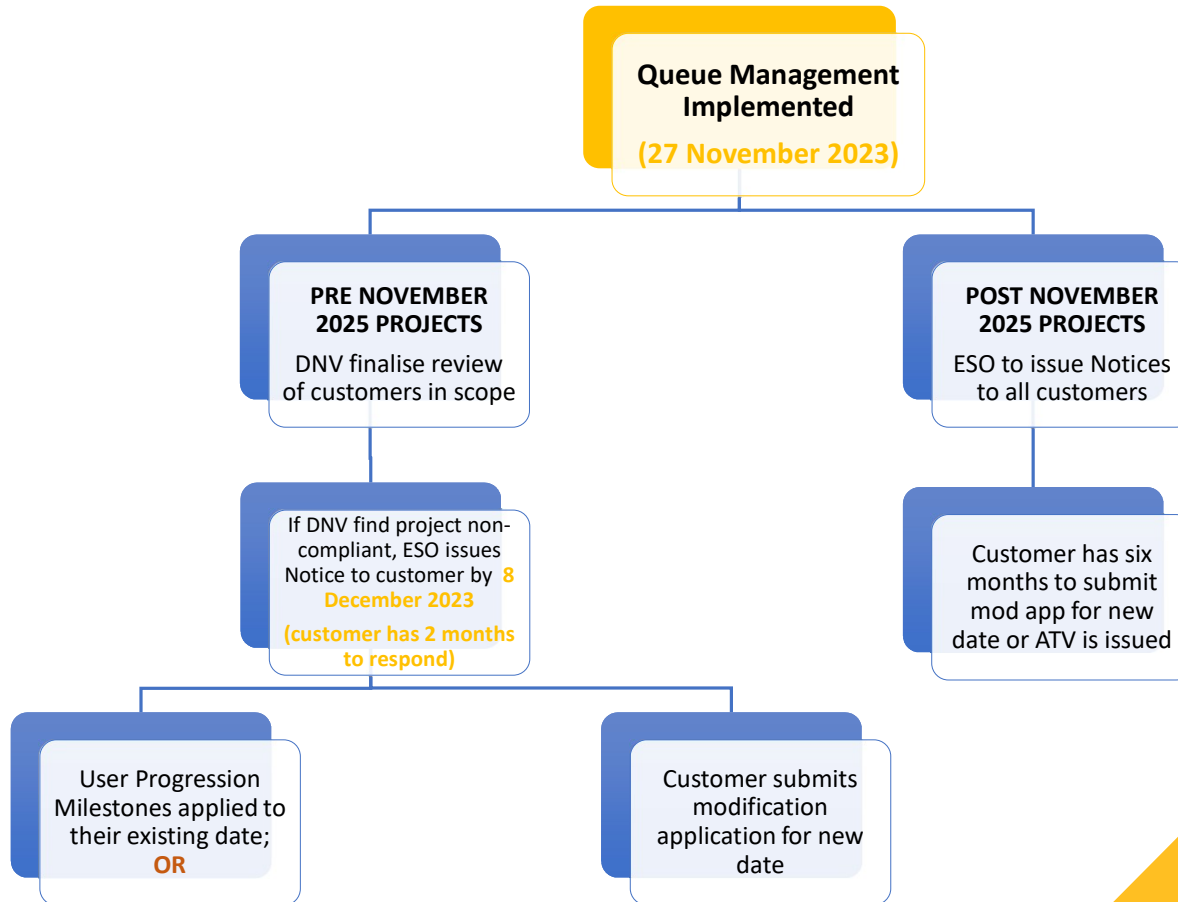
Customers with a contracted Completion Date of 2 years or more from CMP376 Implementation Date to be offered two options:

Option 1- Submit a Modification Application	Option 2- Keep existing date and have QM Milestones applied
<ul style="list-style-type: none">• The Customer can submit a Modification Application to move their Completion Date further into the future.• User Progression Milestones will be added to their agreement, aligned to the new Completion Date in their offer (following the timescale columns in the CMP376 Original, and using the date the Modification is offered as the offer date).• The new offered Completion Date will be provided by the TO and ESO – there is a risk for the customer that this may be significantly later than their existing contracted Completion Date.• A standard Modification Application fee would be charged for this option.	<ul style="list-style-type: none">• A customer can choose to keep their current completion date or if a Modification Application is not made then ESO will issue an ATV to modify the Construction Agreement and add Queue Management Milestones which would be aligned to the User’s existing Completion Date• If Users are already compliant with some or all the Milestones when an Agreement is signed, ESO will record them as compliant and apply Milestones in a forward looking manner (next Milestone in line)• No Modification Application fee will be charged for this option.

Pre 27 November 2025 Connections



NOTICES TO CUSTOMERS UNDER WACM 7



Exceptions from Legal text

The Exceptional issues which apply in the context of the **Queue Management Process** are as follows:

Where the **User** is delayed in carrying out the **User's Works** which entitles the User to fix a later date or dates under Clause 3.2 of the **Construction Agreement** (Delays and Force Majeure) and that delay is the reason that a **User Progression Milestone** is not met;

Where the **User** is not able to meet a **User Progression Milestone** due to an event of **Force Majeure**;

Where delays caused by a party (other than the **User**, **The Company** or a **Relevant Transmission Licensee**) can be demonstrated to have an

impact upon the **User** meeting a **User Progression Milestone** and the **User** could not have avoided these delays or their impact by the exercise of **Good Industry Practice**

Where a **User** is not able to meet a **User Progression Milestone** due to Planning appeals and third-party challenges in relation to the **User's Consents**;

Any delay in the achievement of a milestone by the **User** which is caused by a **Relevant Transmission Licensee** or **The Company**

Termination process

A project will be classified as at “risk” where:

- The evidence for the Milestone has not been provided to the ESO by the Milestone due date or is considered by the ESO to be insufficient except where the ESO agrees there is an exceptional issue.
- The ESO will then commence the Termination process.
- Under this process, ESO will first issue an “Milestone Default Notice” giving the User **60** calendar days the “**Default Milestone Remedy Period**” to rectify the missed milestone.

For Milestones 1 to 3, if at the end of the 60-calendar day notice period the User has still not met the Milestones, notice will be given terminating the Construction Agreement.

For Milestones 5 to 8 if at the end of the 60-calendar day notice period the User has still not achieved the Milestone, ESO will consider whether to exercise the “right to” terminate.

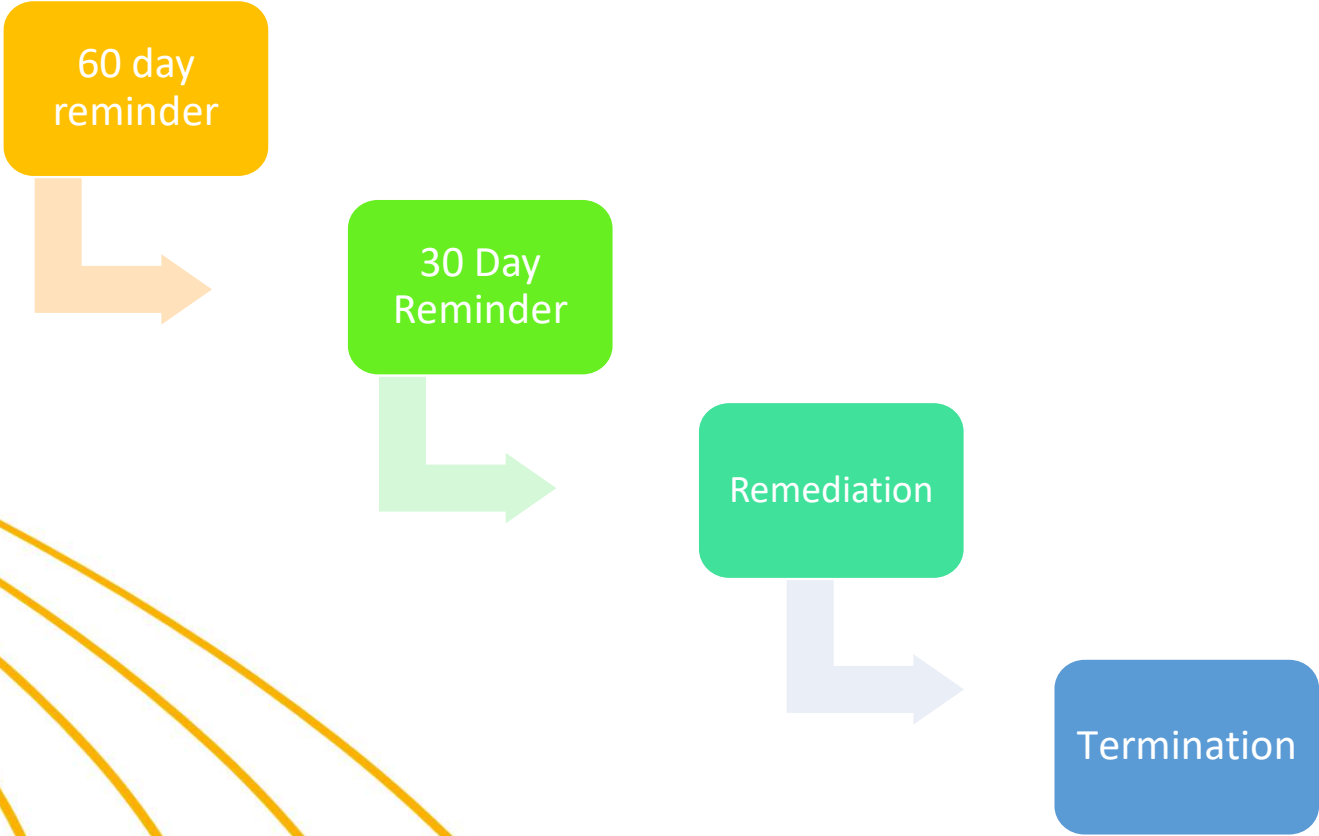
Modification Application

In the case of the first Modification Application made by a User after CMP376 implementation (27 November 2023) for any pre-existing Construction Agreement(s) (and which introduces the Transmission Queue Management process into that pre-existing Construction Agreement), User Progression Milestones are set based on the Modification Application Offer Date and the Completion Date in that Offer.

For any subsequent Modification Application made by a User, User Progression Milestone dates stay fixed – even where changes are made to the Completion Date – unless there is an exceptional issue or ESO discretion in relation to termination of M5-M8 is engaged, as stated in CUSC section 16 Paragraph 16.5.

If a User submits a Modification Application to bring a Completion Date forward, ESO would use the Milestone table to calculate the dates based on that new programme and issue a new Appendix Q.

Notifications from the Connections portal



Queue Management workshop dates

- Queue Management workshop 2 – 5 December 10am-11am
- Queue Management workshop 3 - 13 December 1pm-2pm
- Queue Management workshop 4 - 19 December 10am-11am
- Queue Management workshop 5 – 10 January 10am-11am

The link for you to sign up to the Queue Management webinars can be found [here](#).

Any Questions?