

Code Administrator Meeting Summary

Meeting name: Application of Gate 2 Criteria to existing contracted background (Workgroup 8)

Date: 27/06/2024

Contact Details

Chair: Elana Byrne, ESO Code Administrator

Proposer: Alice Taylor, ESO (CMP435), Steve Baker, ESO (CM096)

Key areas of discussion

Action review

The Chair reviewed the action log and the Workgroup agreed to close the actions below:

- Actions 6, 7, 19, 31, 37, 39, 41, 43, 46, 47, 48, 50 were agreed to be closed.
- Action 35 was agreed to be closed and revised as a new action to provide relevant updates from the SCG group.
- Action 52 was agreed to be closed and revised as a new action for ESO to confirm intention for % evidence checks vs 100% checks for CMP376.

Topics covered as part of Workgroup discussion:

- Impact of Forward – Looking Milestones
- Gate 1 Longstop Date Proposals
- ESO Guidance Governance Approach Proposals
- Connection Point Location between Gate 1 and Gate 2 offer implications for Gate 2 criteria.

Overview

The Chair initiated the meeting, highlighting key areas to be discussed which include the timeline, topics, Action log review and Terms of Reference.

Impact of Forward – Looking Milestones

- The ESO SME emphasised the need for forward looking milestones to ensure projects are planned and executed well in advance.
- The ESO SME explained that projects need to transition to new planning and execution timelines.
- The ESO SME highlighted the difficulties in adapting ongoing projects to new milestone expectation, particularly those with long lead times, and presented considerations for reducing risk for developers submitting early planning as a result of the forward-looking milestones (an

additional consideration of a rectification period being suggested by a Workgroup member for inclusion). There were mixed levels of support/objection from Workgroup members.

- The ESO SME mentioned the necessity for existing projects to realign their strategies and possibly redo/make an early start on certain steps to comply with new requirements.
- The ESO SME stressed the importance of recognizing different project requirements based on technology, location and planning jurisdictions.
- The ESO SME pointed out that a flexible approach is needed to accommodate these differences without imposing a one size fits all solution.
- A Workgroup member raised concerns about the logical feasibility of expecting ongoing projects to meet new milestones mid-way through existing plans.
- Workgroup members raised questions on how to handle the revalidation of plans, the expected volume of projects to be impacted, the timeline for broader planning reform, plus possible restrictions from supply chain and lack of planning resource to deliver surveys required due to new milestone expectations.
- A number of Workgroup members expressed the need for the Workgroup consultation to invite industry responses to this.
- A Workgroup member reflected on this regarding the principles of reducing queue length and felt it unfair to rush longer lead-time projects into planning to meet requirements of these milestones.
- A Workgroup member requested illustrative examples with staged offers to understand how they will work, both with the same technology and different technologies.

Gate 1 Longstop Date Proposals

- The ESO SME explained the proposal for longstop date, advising that it would place a time limit between Gate 1 offer acceptance and Gate Two offer acceptance.
- The ESO SME explained that capacity holding security was removed from the proposal based on feedback.
- The ESO SME suggested a calculated longstop of three years based on previous discussions.
- The ESO SME clarified that the process is intended to apply to all directly connected generation interconnections, including various sizes and types of projects.
- The ESO SME mentioned that the ESO would look to show discretion to prevent projects that have progressed to reach Gate 2 being terminated unduly due to unavoidable timeframes/windows (by extending the 3yrs for the applicant, enabling them to meet the next Gate 2).
- The ESO SME suggested the need for internal conversations to see how the proposal would work practically.
- A Workgroup member raised concerns about the obligation via the CUSC (for DNO/IDNOs in particular) and legal implications.
- A Workgroup member suggested using existing M3 Milestone dates or the current Back Stop Date as the long stop date. The ESO SME agreed to review this suggestion.
- The Workgroup raised concerns on the practical application and impact on existing contracts.
- The Chair agreed to prepare notes for the forthcoming consultation to ensure that all feedback and concerns are addressed effectively.

- A Workgroup member suggested a legal review of the proposed mechanism to understand its implications fully and ensure it complies with existing contracts and obligations. This was taken as an action (56).
- A Workgroup member sought clarity on the proposal's scope and how it would align with M3 milestones.
- A Workgroup member emphasised the need to consider aligning changes in the licence, DCUSA and Grid Code with the new proposals, if needed, to ensure consistency.
- A Workgroup member highlighted the need for justification on why projects remaining in Gate 1 is a problem.
- The ESO SME confirmed that the modification wouldn't look to retrospectively apply CMP427 and the need for a Letter of Authority.
- Workgroup members suggested a scenario where a low barrier to entry may result in projects being removed from Gate 1 after 3 years only to re-apply for a relatively low fee and felt consideration of an attrition approach versus a cancellation approach.
- A Workgroup member expressed their view that analysis of how many projects may be impacted would be useful to validate the need for this element of the solution.

ESO Guidance Governance Approach Proposals

- The ESO SME discussed the context of guidance in relation to queue management.
- The ESO SME mentioned previously discussed criteria for network design and how they would be applied.
- The ESO SME highlighted the need for clear and formal processes for developing, approving, and changing methodologies. It was suggested that methodologies for Connections Network Design Methodology, Gate 2 criteria and NESO designation methodology be lightly codified with informal and formal consultation before submission to the Authority for review. Other documents providing guidance on elements such as 'significant change', Letter of Authority and material technology changes would be ESO approved to demonstrate how to interpret the code.
- The ESO SME explained the difference between codified obligations and guidance, emphasising that guidance does not impose new obligations but helps interpret existing ones, but some guidance will influence interpretation of what's codified.
- A Workgroup member noted that the conversation seemed to focus on enhancing understanding, but pointed out that the real issue is about creating policies affecting economic value and optimising system costs.
- A Workgroup member raised concerns about whether the guidance is appropriate given the potential economic impact of the content.
- A Workgroup member sought clarity on the guidance considering the significant financial implications.
- A Workgroup member highlighted the need to distinguish between guidance and methodologies.
- A Workgroup member emphasised that there should be limitations on new interpretations that could impose new obligations on parties.
- A Workgroup member expressed concern that the guidance could lead to new regulatory requirements, impacting stakeholders negatively if clear boundaries are not set to ensure that the guidance is used to clarify obligations rather than introduce new ones.

- A Workgroup member suggested that industry consultation be sought on the guidance approach, with explanation provided if suggestions are rejected.

Change in Connection Point Location between Gate 1 and Gate 2 offer implications for Gate 2 criteria.

- The ESO SME explained the proposal for developers to have an option to move site and pause their Gate 2 obligations where a connection point differs from what's requested (12 months from acceptance of Gate 2 offer to find a new site, but once a developer triggers this option, they cannot return to use the original site). It was noted that the ESO hadn't seen this option as a necessity originally so wanted to gather views of the Workgroup.
- The ESO SME acknowledged the complexity and challenges of projects that currently lack a firm substation location.
- The ESO SME discussed potential problems with holding offers in uncertain locations, which complicates project planning and execution.
- The ESO SME emphasised the additional cost and risk associated with unnecessary complexities in project locations.
- The ESO SME confirmed the necessity to address developer concerns about stability and business case impacts when location changes unexpectedly.
- A Workgroup member stressed the need for proper governance and consultation processes for guidance documents to prevent unilateral changes.
- A Workgroup member pointed out that the this approach could affect a wide range of projects, especially those with unknown substation locations.
- A Workgroup member highlighted that many offers do not have firm locations, complicating the planning process.
- A Workgroup member asked for clarity on the objectives of the proposals, questioning their practicality.
- There was a general lack of support from Workgroup members on the grounds of:
 - Disadvantages to distribution as a result of a 12-month delay (The ESO noting more thought needed regarding embedded generation) and DNOs who cannot replicate such a scheme.
 - Whether 12 months was sufficient to find a new location, suggesting ESO could supply a range of locations to select from or better information for original locations.
 - The risk of lots of land being locked in to allow projects to take advantage of this option.
 - Permitting 'dead' projects to sell their grid offer to other parties.
 - Open data being able to inform developers sufficiently to avoid the need for this option (as is done by DNOs)
- A Workgroup member who is a developer noted that there is a risk to developers but if they cannot meet the requirements, they will have to free up that capacity.
- A Workgroup member expressed concerns about signalling to developers that they can shift project sites, leading to potential confusion if projects lock up land to hopefully get a connection.

Any Other Business

- A Workgroup member raised their view that CNDM was critical to CMP435/CM096 in relation to capacity reallocation and felt it needed addressing to be consulted upon. The ESO SME noted that TOs were involved in initial discussions from a practical standpoint (and other parties would be consulted in due course) but had no timeline currently available for sharing the CNDM documentation.
- A Workgroup member raised the need for clarification on the precise definitions and terminology intended for use in the self-declaration documentation (for what is (un) acceptable in terms of energy use for land) in order to be legally robust. A suggestion was made for possible variants for Onshore (England & Wales), Onshore (Scotland), Crown Estate and Crown Estate Scotland, and advice sought from legal experts in this area.
- The Chair advised updates and documents will be shared with the workgroup to allow time for review and comments.

Next Steps

- Workgroup 8 summary and meeting 9 papers to be shared with the Workgroup.

Actions

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
2	WG1	AT	Document that charging and user commitments will be out of scope for CMP435		N/A	Open
6	WG1	EB	Workgroup to discuss the consequences of the SO:DNO contract changes on DNO/IDNO contracts with other parties	Not for the CMP435 solution but WG Report WG time to be allocated to discuss this specifically	WG8	Closed
7	WG1	Code Admin	Collaboration space – access queries to be explored with IT	Members can also explore this with their IT teams	WG8	Closed
12	WG2 (amended post WG4)	LH/AC	Discuss possibility of further impact assessment (RFI data). Discuss impact assessments of solution options in terms of effects on the current and future queue.	ESO have confirmed that they will not pursue the use of consultants at this time	Ongoing	Open
14	WG2	AT/PM	Update WG topics	Further updates to be made post WG4	WG5	Open
16	WG2	LH	Look into securities for offers	To be referenced in WG6 - update TBC	June 2024	Open

19	WG3	PM, MO	Clarification on mod apps where CMP435/CM096 are applicable	To be referenced in WG6	WG8	Closed
20	WG3	RW, AT	TOs and ESO meeting needed to discuss data available to review capital contributions for 2024	Information to be brought back to the WG and discussed in context of transitional arrangements	Ongoing	Open
21	WG3	ESO Connections Team	When considering transitional arrangements, include guidance for staged projects	To be covered in WG10	WG6	Open
28	WG4	PM	Work through different scenarios for progressing/not progressing through the Gates (accept, reject, refer) considering conditions such as restrictions on availability		Ongoing	Open
31	WG4	RP	Call to be arranged between RP and JD about the consequences of customers not progressing if part of multi-customer applications (to then progress understanding of this via the ENA SCG groups)	Meeting Thursday 06/06. Keep open for outcomes to be shared with WG.	WG8	Closed
34	WG5	Code Gov, Proposers, SME	Assess the agenda for 16 July (considering time needed to review consultation responses)		Ongoing	Open
35	WG5	RP	Updates shared to the 435/96 WG from the SCG group exploring implementation		WG8	Closed
36	WG5	Angie	Statement from ESO as to the CAP150 powers and how they are applied /can be applied re: ongoing compliance (include link to CAP150 info on ESO website)		Ongoing	Open
37	WG5	Angie	Consequences for a false declaration on a self-certification letter outlined for CMP435/CM096 (i.e. any other than termination of agreement)		WG8	Closed
39	WG5	PM	Date for the Gate 2 qualification dispute process could start	Disputes related to Gate 2 could be raised as and when they arise, but this is likely to be no earlier than 1st February i.e. after the deadline for the	WG8	Closed

				provision of the Gate 2 evidence.		
41	WG6	PM/AP	The process & evidence requirements confirmed for DNO/IDNO evidence checking & if there will be a specific template for the self-certificate process for DNOs/IDNOs.	ESO confirmed it would be same process for Distribution and Transmission and would have a consistent template for Distribution and Transmission	WG8	Closed
42	WG6	LH	Check with legal as to the clock start dates for new applications considering the point of implementation after an Authority decision (is 15th of November date is legally acceptable as the Gate 1 process only comes to existence 10 Working days after Authority decision?)		Ongoing	Open
43	WG6	RM	Clarify the recourse available to industry if they disagree with a specific NESO designation or NESO designation as a process and the basis of (link to query 50 from GG – on what legal basis the ESO can designate projects to not meet CMP435 criteria)	Process to challenge is TBC and would need to be set out in future within licence and/or methodology.	WG8	Closed
44	WG6	RM	Confirmation about whether NESO designation applications, decisions and decision rationales would be published.		Ongoing	Open
45	WG6	RM	Confirm when NESO designation guidance is likely to be finalised (NESO Designation Methodology, CND Methodology and Gate 2 Criteria Methodologies)		Ongoing	Open
46	WG6	RM	Check if the three competition routes for reserving bays will be codified and stipulate the specific routes applicable.	Verbal update from MO confirming intention would be to codify within STC/STCP the circumstances in which connection point and capacity reservation could be applied.	WG8	Closed
47	WG6	RM	ESO to reflect on the NESO designation vs Ofgem	Propose to continue with methodology	WG8	Closed

ESO

Meeting summary

			derogation question and respond to the Workgroup with a confirmed position.	approach rather than derogation approach as suggested in WG.		
48	WG6	PM/MO/AD	Call arranged to discuss interconnections and OHA in relation to CMP435 impacts	Call being scheduled between ESO and I/C WG member w/c 17 June	WG8	Closed
49	WG7	RP	To provide feedback gathered from Friday 21 June meeting with DNOs on distribution mirroring the low level dispute process proposed in CMP435/CM096	This item was deprioritised at the call on the 21st June. Expectation is to discuss on the 28th June at Baringa workshop	Ongoing	Open
50	WG7	RP	To check with ENA/INA regarding involvement of IDNOs in a SCG working group	Kyle from ENA to provide an update at WG7	WG8	Closed
51	WG7	ESO Connections Team	To update on guidance on transitional arrangements for staged projects	To be covered in WG10	WG8	Open
52	WG7	KP/LH	To share any experience shared of minimum sample checking (e.g. CMP376) and revisions of sample %	The ESO do not do a % of checks for CMP376, we check all of the evidence that is submitted for this process	WG8	Closed
53	WG7	Code Governance	To update slide 57 from WG7 for wording relating to alternatives and the need for a defect.		Ongoing	Open
54	WG8	PM	5 th option to manage risk of early planning submissions to be added to the list (rectification period).		WG9	Open
55	WG8	PM	Forward looking milestones illustrative examples for staged offers (same and different technologies).		5 th July	Open
56	WG8	MO	Clarification with legal regarding guidance and introduction of any new obligations.		Ongoing	Open
57	WG8	MO	ESO set out the processes and timing for determining liability and security for April 2025 and October 2025.		Ongoing	Open
58	WG8	HM	ESO set out how the new fast track process fits within the existing disputes / escalation		WG9	Open

Commented [TM(1)]: Mike to provide an update.

ESO

Meeting summary

			process of the CUSC and Transmission Licence.		
59	WG8	MO	Provide WG with the list of documents outside the mod, the principles for guidance docs and timelines for the development of methodology documents.	Ongoing	Open
60	WG8	RP	(Replacement for action 35) Provide relevant updates from SCG	Ongoing	Open
61	WG8	PM	Amendments to action 52) ESO to confirm intention for % evidence checks vs 100% checks for CMP376.	WG10	Open
62	WG8	PM	ESO to enquire with Ofgem about them setting % evidence check level.	Ongoing	Open

Commented [TM(2)]: Richard said he was going to check in with Kyle whether there was any update

Attendees (excluding Observers)

Name	Initial	Company	Role
Elana Byrne	EB	Code Administrator, ESO	Chair
Prisca Evans	PE	Code Administrator, ESO	Technical Secretary
Tammy Meek	TM	Code Administrator, ESO	Technical Secretary
Alice Taylor	AT	ESO	Proposer CMP435
Steve Baker	SB	ESO	Proposer CM096
Anca Ustea	AU	ESO	Subject Matter Expert
Holli Moon	HM	ESO	Subject Matter Expert
Paul Mullen	PM	ESO	Subject Matter Expert
Richard Paterson	RP	ESO	Subject Matter Expert
Mike Oxenham	MO	ESO	Subject Matter Expert
Kav Patel	KP	ESO	Subject Matter Expert
Salvatore Zingale	SZ	OFGEM	Authority Representative
Alexander Rohit	AR	Statkraft	Workgroup Member Alternate CMP435
Andrew Colley	AC	SSE Generation	Workgroup Member Alternate CMP435
Andy Dekany	AD	National Grid	Workgroup Member CMP435
Barney Cowin	BC	Statkraft	Workgroup Member CMP435

Callum Dell	CD	INV Energy	Workgroup Member CMP435
Clare Evans	CE	Scottish Power Renewables	Workgroup Member Alternate CMP435
Ed Birkett	EB	Low Carbon	Workgroup Member CMP435
Gareth Williams	GW	Scottish Power Transmission	Workgroup Member CMP435 &CM096
Garth Graham	GG	SSE Generation	Workgroup Member CMP435
Jack Purchase	JP	NGED	Workgroup Member CMP435
James Devriendt	JD	UK Power Networks	Workgroup Member CMP435
Jonathan Whitaker	JW	SSEN Transmission	Workgroup Member Alternate CMP435
Luke Scott	LS	Northern Powergrid	Workgroup Member Alternate CMP435
Mireia Barenys	MB	Lightsourcebp	Workgroup Member Alternate CMP435
Muhammad Madni	MM	National Grid	Workgroup Member Alternate CMP435
Niall Stuart	NS	Buchan Offshore Wind	Workgroup Member CMP435
Nina Sharma	NSh	Drax	Workgroup Member Alternate CMP435
Nirmalya Biswas	NB	Northern Powergrid	Workgroup Member CMP435
Paul Youngman	PY	Drax	Workgroup Member CMP435
Ravinder Shan	RS	FRV TH Powertek Limited	Workgroup Member CMP435
Rob Smith	RS	ENSO Energy	Workgroup Member CMP435
Samuel Railton	SR	Centrica	Workgroup Member CMP435
Sean Gauton	SG	Uniper	Workgroup Member Alternate CMP435
Steffan Jones	SJ	Electricity North West Limited	Workgroup Member CMP435
Tim Ellingham	TB	RWE Renewables	Workgroup Member Alternate CMP435
Tony Cotton	TC	Energy Technical & Renewable Services	Workgroup Member CMP435