

**CMP435 & CM096**

**Application of Gate 2 Criteria to existing contracted background**

**Workgroup Meeting 16, 29 August 2024**

**Online Meeting via Teams**

# WELCOME





# Agenda

Topics to be discussed	Lead
Timeline	Chair
Scene Setting – Workgroup 16	Proposer
Alternative Request discussion	SMEs
Any Other Business	Chair
Next Steps	Chair

## Timeline

Elana Byrne – ESO Code Administrator

## Application of Gate 2 Criteria to existing contracted background – CMP435, CM096

Post Workgroup Consultation		
Workgroup 14	14/08/24	Consultation review of responses
Workgroup 15	22/08/24	Solution update
Workgroup 16	29/08/24	Finalise solution/Alternatives discussion
<del>Workgroup 17</del>	<del>30/08/24</del>	<del>Finalise solution + Alternative Vote</del>
Workgroup 18	04/09/24	CMP435 Draft Original Legal Text
Workgroup 19	12/09/24	WACM legal text
Workgroup 20	18/09/24	Finalise WG Report & ToR, WG vote
Workgroup Report to Panel	20/09/24	
Panel to agree whether ToR have been met	25/09/24	Special Panel
Post Workgroups		
Code Administrator Consultation	26/09/24 – 10/10/24	
Draft Final Modification Report to Panel	16/10/24	
Final Modification Report Panel Recommendation Vote	22/10/24	Special Panel
Final Modification to Ofgem	22/10/24	
Decision Date	13/12/24	
Implementation Date	01/01/25	

# Workgroup 16 Scene Setting

Alice Taylor, Proposer

# Meeting Objectives

What is the focus of the meeting?

- To review the individual Alternative Requests raised following the Workgroup consultation

What is the ask of the workgroup?

- To provide specific feedback on the Alternative Requests
- To gain understanding of the Alternative Requests

What is the desired output of the meeting?

- To be clear on what Alternative Requests which may be brought forward to vote on

What should not be discussed?

- Feedback on the updated Original solution

## Alternative Requests

Proposers for:

- EDF
- Low Carbon
- Q-Energy



# Alternatives Summary – CMP435

<u>Number</u>	<u>Proposer Name</u>	<u>Proposer Organisation</u>	<u>Comment</u>	<u>What does this Alternative suggest?</u>
1	Jonathan Hoggarth	EDF		This Alternative proposes to implement a transition period of 6 months from the implementation period in order to allow the Gate 2 criteria to be achieved by existing contracted parties with viable projects. i.e. 30 <sup>th</sup> June 2025 self-certification deadline as opposed to 31 <sup>st</sup> Jan 2025.
2	Ed Birkett	Low Carbon		This Alternative Request would require the ESO to implement changes to existing agreements via Agreements to Vary.
3	Grant Rogers	Q-Energy Sustainable Investments Ltd		Remove Element 14 from the proposed solution to ensure focus on the project and land requirements at application stage and ensure applicants are subject to requirements at Gate 2.

Note: Additional Alternative Requests were originally received from Orron Energy and Epsilon which featured aspects of the CMP434 solution. Orron Energy are considering whether to submit a CMP435 only Alternative Request. Epsilon have submitted CMP434 Alternative Requests.

## Actions Log

Elana Byrne – ESO Code Administrator

<u>Action number</u>	<u>Workgroup Raised</u>	<u>Owner</u>	<u>Action</u>	<u>Comment</u>	<u>Due by</u>	<u>Status</u>
21	WG3	AC / FP	When considering transitional arrangements, include guidance for staged projects	To be covered in more detail under Phase 2	Ongoing	Open
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)	Any necessary amends to the CAP150 provisions (as a result of ongoing RLB compliance proposals) will be set out in legal text for future discussion. Propose to close once legal text agreed.	Ongoing	Open
42	WG6	AC/FP	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
56	WG8	MO	Clarification with legal regarding guidance and introduction of any new obligations		Ongoing	Open
57	WG8	MO	ESO set out out the processes and timing for determining liability and security for April 2025 and October 2025	The position was clarified in the Workgroup and set out in Workgroup Consultation (check needed as to whether CMP434/435 consultation)	Ongoing	Open
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.	Kyle Smith to provide verbal update on TM04+ Impact Group emerging thinking	Ongoing	Open
72	WG9	RM /JH	Workgroup request appendix/annex re: transmission connection queue – how many projects impacts re diff tech and dates + information on the RFI for the consultation (majority/minority party)	Ongoing and being considered	Ongoing	Open
74	WG10	PM/GG/RW	To consider wider context of projects for Gate 2 criteria and implementation aspects to map project types and considerations for ‘minimum options’ suggestions/proposal	Note that GG was to share the example in (a diagrammatica form) that he was referring to in WG10 as difficult to visualise the scenario - this action is a post WG Consultation action	Ongoing	Open

<u>Action number</u>	<u>Workgroup Raised</u>	<u>Owner</u>	<u>Action</u>	<u>Comment</u>	<u>Due by</u>	<u>Status</u>	12
78	WG10	AC	Explore difference between treatment of mod app fees vs expression of interest from 5 point plan	The TWR / CPA was a one off project as part of the 5 point plan. This is an on going process and as such when a customer makes a request for a change to their agreement such as a change of date then a mod app fee is applied due to the studies required to see if the requested change can be facilitated, this is the same.	Ongoing	Open	
79	WG10	MO	Develop a diagram for consultation for alignment of methodologies' timings vs the modifications	Post Workgroup Consultation	Ongoing	Open	
80	WG10	MO	Provide further clarity on the nature of the projects designated in 2025, and separately those projects would have reserved capacity	Further clarity will be provided on designation once draft methodology is available. No further clarity available at this stage in relation to capacity reservation.	Ongoing	Open	
82	WG11	MO	To update whether/when/what information from RFI will be published	WG12 - further data requested WG14	Ongoing	Open	
83	WG11	CD/RP	To update WG on securities for offers (re: small/med embedded generators)		Ongoing	Open	
84	WG11	PM/HS	To discuss how to make Offshore projects holding offers in scope of the modification	Ongoing discussions between Connections and Offshore Coordination team and have spoken to Helen	Ongoing	Open	
85	WG11	TBC	Comeback to WG with Justification on proposals on exempting mod apps from implementation date		Ongoing	Open	
88	WG14	EB	Email to be shared with Workgroup from CMP434/CM096 compiling emails received about timelines.		Ongoing	Open	
89	WG14	MO	STC solution to expand on intended process and contract changes (particular importance for TOs)		Ongoing	Open	
90	WG14	EB	Summary slides for the Workgroup Consultation responses are to be updated		Ongoing	Open	

<u>Action number</u>	<u>Workgroup Raised</u>	<u>Owner</u>	<u>Action</u>	<u>Comment</u>	<u>Due by</u>	<u>Status</u>	13
91	WG14	EB	Timings for sharing Alternatives with the Workgroup to be clarified	ESO has been discussing certain submissions with potential Proposers which has impacted whether some progress. Latest submissions to be shared 21.08	Ongoing	Open	
92	WG14	EB	Code Governance to check the codified requirements for Workgroup attendance of voting Workgroup members	50%+ attendance does feature in the ToR for Workgroup Vote	Ongoing	Open	
93	WG14	ESO Connections Team	Update on the pathway of modifications in relation to the wider Reform package	ESO general update from Robyn Jenkins in WG15. Further updates to be shared with the Workgroup	Ongoing	Open	
95	WG15	ESO Connections Team	Clarification sought on whether the change to assess whether projects are needed introduces any risk to projects before the new arrangements go live (in context of an investment hiatus).		Ongoing	Open	
96	WG15	RP	Enquire as to whether demand connection dates be reviewed as part of queue re-organization		Ongoing	Open	
97	WG15	PM	CNDM team to be asked how existing projects not meeting Gate 2 will be factored into the CNDM (in case of any consequential issues for removing the Gate 1 longstop)		Ongoing	Open	
98	WG15	PM	Ask CNDM team if it would help them to know what stage projects are at from the self-declaration letter		Ongoing	Open	
99	WG15	PM	To check if TEC reduction will still mean projects are open to liabilities		Ongoing	Open	
100	WG15	PM	ESO to consider the new proposed reforms to National Planning Framework for nationally significant solar projects and any impacts for the Planning Regime timescales for Town & Country Planning (TCP)		Ongoing	Open	
101	WG15	RM	Will timescales for submitting offers change with changes in programme timelines		Ongoing	Open	
102	WG15	RM	Workgroup require timings for the further updates on Element 19		Ongoing	Open	
103	WG15	MO	Swim lane document to be produced for CMP434 and 435		Ongoing	Open	

# **Any Other Business**

**Elana Byrne– ESO Code Administrator**



## Next Steps

Elana Byrne – ESO Code Administrator

## **Appendix 1**

**CMP434 Alternative Requests (latest list for information)**

# Alternatives Summary

Key:

Changes to original could fully negate alternative

Changes to original could partially negate alternative

\*Attendance confirmed

17

<u>Number</u>	<u>Proposer Name</u>	<u>Proposer Organisation</u>	<u>Comment</u>	<u>What does this Alternative suggest?</u>
1	Simon Lord*	Engie		Firm access only available to projects that are fully formed and formally in the planning process.
2	Phillip Addison*	EDF		This alternative proposes to remove the current proposed restrictions to build capacity outside of the red line boundary.
3	Phillip Addison*	EDF		The current proposed forward planning milestone are to be removed from the proposal. The current Queue Management planning milestone dates will be used instead.
4	Steffan Jones/Brian Hoy*	ENWL		Clarifying the definition of embedded schemes that will follow the Primary Process
5	Steffan Jones/Brian Hoy*	ENWL		Raising the lower threshold at which embedded schemes that will follow the Primary Process
6	Steffan Jones/Brian Hoy*	ENWL		To amend the threshold at which embedded schemes will follow the Primary Process
7	Zachary Gray*	Hydrostor Inc	Not eligible to raise Alternative - will still share Alternative Request with the Workgroup for reference	To provide greater certainty to all LDES projects, requesting regulatory alignment between future connection reforms, consents, and procurements by considering further provisions for LDES beyond pumped hydro.
8	Barnaby Wharton/Helen Stack	CBS Energy Storage Assets		Include an explicit requirement within CUSC for all DNOs to submit Gate 2 information to the ESO within 30 days of it being received from the customer / user.
9	Deborah Walker*	ABO Energy	Not eligible to raise Alternative - will still share Alternative Request with the Workgroup for reference	Extend the timeline for implementation
10	Eibhlin Norquoy*	Point and Sandwich Power Limited		To provide an indication of cost within the Gate 1 offer. Indication of costs ahead of application to Gate 2 would enable developers to undertake early planning for costs, securities, and liabilities and be in a better financial position to be able to accept a Gate 2 offer. This will be especially important for Embedded Generation which is not familiar with Transmission costs.

<u>Number</u>	<u>Proposer Name</u>	<u>Proposer Organisation</u>	<u>Comment</u>	<u>What does this Alternative suggest?</u>
11	Eibhlin Norquoy*	Point and Sandwich Power Limited		<p>In order to fully comply with objective (c) of CUSC, and especially alignment with articles of Regulation (EU) 2019/943 requiring “to ensure fair conditions of competition in the internal electricity market”, introduce an alternative to unfair connection regulation for Community Generators by considering a specific “Community” Project Designation. Community Generators have repeatedly been shown to deliver many times more value and return locally and have considerably more local acceptability and support when compared to embedded generation in general. The Alternative should both increase the installed capacity and value, and speed to build out of embedded Community led generation across the networks so furthering the overall aims of this reform. Furthermore, it addresses increasing fairness and inclusion challenges by recognising the additional benefits these generators bring to society through the additional operating restrictions they have in place in order to ensure benefit from their actions is socialised, the fact that speculation is effectively not a practical feature for them, and to compensate for the unbalanced conditions and lack of resources faced when Community Generators have to compete with the corporations in the new ‘first ready, first served’ approach of the connection reform.</p>
12	Eibhlin Norquoy*	Point and Sandwich Power Limited		<p>In order to fully comply with objective (c) of CUSC, and especially alignment with articles of Regulation (EU) 2019/943 requiring “to ensure fair conditions of competition in the internal electricity market”, introduce provisions so a proportion of any planned new grid infrastructure would be ring-fenced for use by Community Generators in the first instance. If community companies do not apply to use the capacity within a defined period (e.g., 5 to 7 years), the capacity can then be released back into the wider market. Community Generators have repeatedly been shown to deliver many times more value and return locally and have considerably more local acceptability and support when compared to embedded generation in general. The Alternative should both increase the installed capacity and value, and speed to build out of embedded Community led generation across the networks so furthering the overall aims of this reform. Furthermore, it addresses increasing fairness and inclusion challenges by recognising the additional benefits these generators bring to society through, the additional operating restrictions they have in place in order to ensure benefit from their actions is socialised, the fact that speculation is effectively not a practical feature for them, and to compensate for the unbalanced conditions and lack of resources faced when, Community Generators have to compete with the corporations in the new ‘first ready, first served’ approach of the connection reform.</p>
13	Ed Birkett*	Low Carbon		<p>This proposed alternative would codify a simple capacity reallocation mechanism, with terminated capacity being offered to the next project that has passed Gate 2 and can take advantage of that terminated capacity.</p>

# Alternatives Summary

Key:  
 Changes to original could fully negate alternative  
 Changes to original could partially negate alternative

\*Attendance confirmed

Number	Proposer Name	Proposer Organisation	Comment	What does this Alternative suggest?
14	Ed Birkett*	Low Carbon		This Alternative Request would codify the proposed restrictions on changes to project RLB post-Gate 2. The original solution does not propose to codify these new restrictions, instead proposing to house the restrictions in the proposed Gate 2 Criteria Methodology.
15	Grant Rogers	Q-Energy Sustainable Investments Ltd		Remove DFTC from the proposed solution. DFTC is proposed as a forecast however existing DNO datasets already indicate this in the same way DFTC is intended to e.g. connections application data and the ECR's confirm the relevant generation applicants and the upstream GSP's at DNO level.
16	Grant Rogers	Q-Energy Sustainable Investments Ltd	Updated solution as of 21/8	Remove Element 14 from the proposed solution. This would limit/stop the ability to move site location post Gate 2 Offer.
17	Grant Rogers	Q-Energy Sustainable Investments Ltd		Alternative to Element 18. A new process, preferably codified, to address how DNOs and transmission connected iDNOs notify the ESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2 criteria
18	Luke Scott	Northern PowerGrid		We would like the existing Allowable change rules to remain in place, and for us not to adopt the proposed significant change element.
19	Joe Colebrook*	Innova Renewables		Remove Element 9: Project Designation from the Original proposal.
20	Philip John	Epsilon Generation Limited	Awaiting critical friend check response	Planning submission or permission is required as part of Gate 2 criteria
21	Philip John	Epsilon Generation Limited	Awaiting critical friend check response	Reintroduction of Element 14 and to remove the current proposed restrictions to build capacity outside of the red line boundary.

## **Raising an Alternative Request Information**



# What is the Alternative Request?

**What is an Alternative Request?** The formal starting point for a Workgroup Alternative Modification to be developed which can be raised up until the Workgroup Vote.

**Who can raise an Alternative Request?** Any CUSC Party, BSC Party, the Citizens Advice or the Citizens Advice Scotland may (subject to Paragraph 8.20.20) raise a Workgroup Consultation Alternative Request in response to the Workgroup Consultation. If you are not a CUSC Party, but are nominated by a CUSC Schedule 1 Party, please submit a statement in writing from the nominating party to confirm submission of the Alternative Request on their behalf. No Workgroup Consultation Alternative Request may be raised by any CUSC Party during any second or subsequent Workgroup Consultation.

**What do I need to include in my Alternative Request form?** The requirements are the same for a Modification Proposal you need to articulate in writing:

- a description (in reasonable but not excessive detail) of the issue or defect as outlined in the Original Proposal which the alternative seeks to address compared to the current proposed solution(s);
- the reasons why you believe that the proposed alternative request would better facilitate the Applicable Objectives compared with the current proposed solution(s) together with background information;
- where possible, an indication of those parts of the Code which would need amending in order to give effect to (and/or would otherwise be affected by) the proposed alternative request and an indication of the impacts of those amendments or effects; and
- where possible, an indication of the impact of the proposed alternative request on relevant computer systems and processes.

**How do Alternative Requests become formal Workgroup Alternative Modifications?** The Workgroup will carry out a Vote on Alternatives Requests. If the majority of the Workgroup members or the Workgroup Chair believe the Alternative Request will better facilitate the Applicable Objectives than the current proposed solution(s), the Workgroup will develop it as a Workgroup Alternative Modification.

**Who develops the legal text for Workgroup Alternative Modifications?** ESO will assist Proposers and Workgroups with the production of draft legal text once a clear solution has been developed to support discussion and understanding of the Workgroup Alternative Modifications.

## Voting Information

# What is the Alternative Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

## Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should become Workgroup Alternative CUSC/ STC Modifications.
- The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.
- **Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC/ STC objectives than the Original then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM)/ STC modification (WASTM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.**

# What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

## Stage 2 – Workgroup Vote

- 2a) Assess the original and Workgroup Alternative (if there are any) against the relevant Applicable Objectives compared to the baseline (the current code)
- 2b) Vote on which of the options is best.

Alternate Requests cannot be raised after the Stage 2 – Workgroup Vote