11 November 2024

FREETHS

The Great Grid Reshuffling – final CMP434 and CMP435 consultations

The initial CMP434 (*Implementing Connections Reform*) and CMP435 (*Application of Gate 2 Criteria to existing contracted background*) consultations closed on 6 August 2024. For a refresh on the key points in the original consultations, please see our summary.

On 8 November 2024, the code administrator consultations for CMP434 and CMP435 went live. This note intends to summarise the key changes in NESO's final proposals, particularly in comparison to the original consultation but is not a substitute for a full review of the consultation documents. Given the overlap between CMP434 and CMP435, we recommend engaging with CMP434 first. **The consultations are open until 26 November 2024**.

CMP434

CMP434 introduces the new connections reform process. NESO's proposal is broken down into 18 elements on which industry parties are invited to comment and/or agree or disagree – some elements have been de-scoped from the final proposal but the original element numbers remain. For example, NESO is no longer proposing to introduce Element 17 (Distribution Forecasted Transmission Capacity submissions) as part of CMP434.

Working group considerations can be found in the main document from page 25 onwards and these considerations can help parties respond to the consultation on specific points.

Methodologies

- As set out in the original consultation, NESO intends to codify at a very-high level the concept of three methodologies – Gate 2 Criteria, Project Designation and Connections Network Design. **NESO is separately consulting on the draft forms of these methodologies (our guide to this consultation can be found here).** It is important to note that changes to the methodologies will not be done through the CUSC modification process, where there is an opportunity to raise Alternatives so we strongly recommend responding to the current methodologies' consultation.

- Please note 'Gate 2 criteria' as referred to in this consultation will now include **readiness AND strategic alignment**, as per the above methodologies.

Bi-annual combined Gate 1 and Gate 2 process (now known as the '**Primary Process'**)

- NESO's new proposal is that there will be **a combined Gate 1 and Gate 2 Process**. This means that an application in the Gated Application Window can be submitted for either the optional Gate 1 process or the mandatory Gate 2 process. Projects which go through the optional Gate 1 process will need to subsequently go through the mandatory Gate 2 process if they want a confirmed connection point and connection date. NESO is also no longer proposing to introduce a longstop date for Gate 1 Agreements.

- Once a project has successfully evidenced meeting Gate 2 criteria, it will receive a queue position and an offer which has (i) a confirmed connection date, (ii) a confirmed connection point, (iii) confirmed capacity, (iv) the User Commitment/Final Sums, and (v) Queue Management Milestones. The specific queue position will be determined in accordance with NESO's methodologies.

- Relevant Embedded Small/Medium generators do not go through the Gate 1 process. These projects **will need to notify their DNO / transmission connected iDNO ('DNO') once they have met Gate 2 criteria**. The DNO will assess Gate 2 evidence on behalf of NESO. If the project has met Gate 2 criteria, the DNO will include that project in their Gate 2 application for that Gated Application Window to NESO, and it will be assessed within the relevant Gate 2 tranche. The DNO will then receive a Gate 2 offer from NESO, and the DNO will need to reflect the terms of that offer downstream in their distribution connection offers directly with customers. Further detail on the process for distribution connected projects can be found on pages 23 - 24 of the main consultation document.

- BEGA/BELLA projects can apply for a Gate 2 offer throughout the year, but the DNO will still need to submit a Modification Application in the Gated Application Window. NESO will verify that a project has met Gate 2 criteria as part of the processing of the BEGA/BELLA application.

Projects in scope for the Primary Process

NESO has further clarified which projects will go through the Primary Process as per below. NESO is also proposing to codify 'Significant Modification Application' by defining a type of Significant Modification Application related to Gate 2 Agreements.

Terminology:

Connected:	Where the project (in full or in part) is Energised.
Contracted:	An accepted offer for a project, but where the project is not yet Connected.
New:	A new application for a project, which is independent of any Contracted or Connected project(s).

Connectee Type	**CMP434**

• Directly Connected Generation
• Directly Connected Interconnectors and Offshore Hybrid Assets
• Directly Connected Demand
• Large Embedded Generators
  ◦ Whether a BELLA or a BEGA (via the NESO)
  ◦ Whether embedded within in a DNO or an iDNO network
• Relevant Small and Medium Embedded Generators
  ◦ Via DNOs/iDNOs and included in NESO/DNO (or NESO/iDNO) contracts (e.g. Appendix G)
  ◦ Includes such projects opting for a BEGA (via the NESO)
	New

'Significant' Modification Applications	Contracted and Connected

Notes:

- *Embedded Demand is not in scope of CMP434.*
- *The requirements do not apply to the construction of new transmission assets. For example, if a Directly Connected Generation customer triggers a new transmission substation, then the CMP434 Gate 2 criteria requirements only apply to the land related to the generation site and not, for example, to the land related to the new transmission substation, or other transmission infrastructure, including cables or overhead lines from the generation site.*
- *Directly Connected Generation includes Storage and 0MW Connections, such as Sync Comps.*
- *Where NESO receives a BEGA/BELLA application, the requirement to notify the DNO/transmission connected iDNO will apply.*
- *BEGA and BELLA applications for a Gate 2 offer can be submitted to NESO outside of an application window (as is described in Element 2 above). Once the corresponding DNO/transmission connected iDNO modification application has been received in an application window, they can both be processed within that Gate 2 Process. Large Embedded Generators submitting a BEGA and BELLA application for a Gate 1 offer will have to apply in an application window. A corresponding DNO/transmission connected iDNO modification application will not be required for a Gate 1 offer.*

Further detail on the Primary Process for different customer groups is set out in Element 5 (pages 14 - 16) of the main consultation document.

Connection Point and Capacity Reservation

- NESO can currently reserve substation bays in limited circumstances in order to allocate those bays for specific future projects, namely network services projects. NESO is proposing to extend this existing bay reservation process by codifying a project specific reservation process.

- NESO wants the ability to reserve elements of the transmission network for the exclusive use by projects in advance of their progress to Gate 2 (at the discretion of NESO). The right to do this will be described within the CUSC, and the process for NESO (and TOs, at the request of NESO) to reserve the elements of the network for specific projects will be described within the STC.

- Where a connection point and/or capacity has been reserved for a specific project (e.g. an Interconnector or Offshore Hybrid Assets, or directly connected or large embedded projects), NESO will bilaterally agree a reasonable minimum contractual reservation period with the developer and will thereafter (if the project has not passed Gate 2 within those timescales) review this annually on a case-by-case basis.

Ongoing Gate 2 compliance – land and planning requirements

Planning

Once a developer has signed and accepted a Gate 2 offer, there will be (i) ongoing land requirements and (ii) ongoing planning requirements. For planning this will be a requirement to submit the project's application for planning consent at the earlier of:

- The Queue Management Milestone M1 (planning submission) calculated back from the connection date (as per current queue management arrangements); or

- M1 calculated forward (based on a standard time period for each planning type) to move from the issuing of the Gate 2 offer to M1.

The standard timescales are as proposed below, which are more generous than in the original consultation. Where a specific technology type is referenced, that timescale will take precedence over the planning type timescale.

Planning Type	Timescale
Town and Country Planning (England, Scotland and Wales)	2 years
Section 36 (England/Scotland)	3 years
Development of National Significance (Wales)	3 years
NSIP / DCO (England and Wales)	3 years
Offshore (including Offshore Wind, Interconnectors and OHAs)	5 years
Nuclear	Case-by-Case[14]
Novel technologies	Case-by-Case[15]

Land

- NESO is proposing to use the red line boundary for the project site provided at Gate 2 (the '**Original Red Line Boundary'**) as a basis for any ongoing compliance in relation to secured land. Any amendments made, by the developer, to the Original Red Line Boundary for a project that has passed Gate 2 will need to meet certain criteria. At each Queue Management Milestone, the developer will also need to be able to show sufficient acreage for the project.

- The consultation includes examples of the extent to which a developer can build installed capacity outside of a project's Original Red Line Boundary on pages 18 - 19 of the main consultation document.

Gate 2 Criteria Evidence Assessment

- Developers will need to provide a Readiness Declaration that their project has met Gate 2 criteria. The Gate 2 Criteria Methodology will include a template for the Readiness Declaration with accompanying guidance. It is currently proposed that NESO and DNOs all use reasonable endeavours to check 100% of all projects' statements / evidence.

- NESO will also check 100% of the evidence provided by all developers of their projects' secured land rights for duplication checks. Specifically, this will examine the extent to which the original red line boundary for Gate 2 applications overlaps with the original red line boundaries for any other project(s) applying in the same Gate 2 Application Window (or those already with a Gate 2 Agreement in place).

CMP435

CMP435 seeks to apply Gate 2 criteria to existing contracted parties in the connection queue. These parties will **need to provide evidence of their projects satisfying Gate 2 criteria by a given date, currently anticipated to be Q2 2025**.

If a project meets the Gate 2 criteria, it will enter a process to be provided with a Gate 2 offer and the developer will also be able to apply for an advanced connection date. If a project does not satisfy Gate 2 criteria, their existing queue position will be nullified, and their existing contract will transition to a Gate 1 Agreement with an indicative connection date and indicative connection point.

Many elements of CMP435 are similar to and/or contingent on CMP434. We have highlighted below key points which are specific to CMP435. Working group considerations can be found in the main document from page 26 onwards and these considerations can help parties respond to the consultation on specific points. Please note transitional arrangements and cut-over arrangements ahead of expected Q2 2025 implementation are also covered (pages 25-26 of the main consultation document).

Projects in scope for the Gate 2 to Whole Queue Process

NESO is proposing to conduct a one off 'Gate 2 to Whole Queue' exercise to transition all existing contracted arrangements to either Gate 1 or Gate 2 Agreements, depending on whether existing contracted projects have met the Gate 2 criteria.

NESO is proposing that following groups of customers will follow the Gate 2 to Whole Queue Process from the implementation date:

Terminology:

Connected:	Where the project (in full or in part) is Energised.
Contracted:	An accepted offer for a project, but where the project is not yet Connected.
New:	A new application for a project, which is independent of any Contracted or Connected project(s).

Connectee Type	CMP435

• Directly Connected Generation
• Directly Connected Interconnectors and Offshore Hybrid Assets
• Directly Connected Demand
• Large Embedded Generators
  ○ Whether a BELLA or a BEGA (via the ESO)
  ○ Whether embedded within in a DNO or an IDNO network.
• Relevant Small and Medium Embedded Generators
  ○ Via DNOs/IDNOs and included in ESO/DNO (or ESO/IDNO) contracts (e.g. Appendix G)
  ○ Includes such projects opting for a BEGA (via the ESO)
	Contracted
	and
	Connected (but only in relation to any project stages which are yet to be Energised)

'Significant' Modification Applications (in relation to the above)	N/A

Notes:

- *Embedded Demand is not in scope of CMP435.*
- *The requirements do not apply to the construction of new transmission assets. For example, if a Directly Connected Generation customer triggers a new transmission substation, then the CMP435 Gate 2 criteria requirements only apply to the land related to the generation site and not, for example, to the land related to the new transmission substation, or other transmission infrastructure, including cables or overhead lines from the generation site.*
- *Directly Connected Generation includes Storage and 0 MegaWatt (MW) Connections, such as Sync Comps.*

Gate 2 Criteria Evidence Assessment

As part of their Gate 2 Readiness Declaration, developers can **elect to reduce capacity** to support the project meeting the Gate 2 Criteria (as set out in the Gate 2 Criteria Methodology). It will also be possible for a developer to remove a technology type from an existing contract e.g. if only one technology type were able to meet the Gate 2 Criteria and the declaration were provided on that basis, including (if required) a reduction in capacity. NESO also proposes that developers will be able to **request an advanced connection date**. Further details can be found on pages 18-19 of the main consultation document.

Contractual changes

All existing contracted projects within scope of CMP435 will have their existing agreements amended by the end of the Gate 2 to Whole Queue Process, broadly as follows:

- In scope generation and demand connections to the transmission system will have their existing agreements with NESO converted to either a Gate 1 Agreement or a Gate 2 Agreement.

- BEGA/BELLA in scope embedded generators with a BEGA/BELLA will be converted to either a Gate 1 Agreement or Gate 2 Agreement.

- To align with CMP434, distribution connection offers will be amended to reflect where embedded generators have, and have not, met the Gate 2 Criteria. **Where embedded generators have not met the Gate 2 Criteria, connection offers will also be amended to remove rights to energise and/or use the transmission system.**

Further detail on the process for different groups of customers can be founded on pages 20-25 of the main consultation document, including the process for projects that have met Gate 2 criteria and want to request connection date advancement.