Decision

Decision: Gate 2 Criteria Methodology

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We published our[1] Minded-to Decision[2] to approve the Gate 2 Criteria Methodology on 14 February 2025 and invited responses to questions on the TMO4+ reform package as a whole, as well as our conclusions relating to Connections Methodologies.

NESO's licence condition E15.3 requires the production of the Gate 2 Criteria Methodology and its submission to Ofgem for approval. Licence condition E15.2 sets out the objectives for the Gate 2 Criteria Methodology as the basis for our approval.

We have decided to approve the Gate 2 Criteria Methodology published on NESO's website on 21 March 2025 and found in the Appendix to this Gate 2 Criteria Methodology Decision. This Decision includes our assessment of the Gate 2 Criteria Methodology and considers the policy intent and objectives we set for this Methodology in the NESO licence conditions (now approved in parallel with this Decision).

We have taken into account our principal objective, wider statutory duties, the legal text in CMP434 and CMP435, and stakeholder feedback to both NESO's consultation on Methodologies in November 2024 and our consultation held between February and March 2025.

[1] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work.
[2] Minded-to Decision Gate 2 Methodology

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1. Summary

1.1 The Gate 2 Criteria Methodology is an important part of the NESO's[3] connections process design known as TMO4+ reform package.[4] TMO4+ requires changes to industry codes (CMP434, CMP435 and CM095), licences (NESO, Transmission and Distribution) and the introduction of new Methodology documents (Gate 2 Criteria Methodology, Connections Network Design Methodology ("CNDM"), Project Designation Methodology).[5] We approve the Connection Methodologies as part of the entire TMO4+ reform package. Ofgem's decisions on the TMO4+ code modification proposals and the statutory consultation on licence changes have been published simultaneously with our decision on the Connection Methodologies.

1.2 Gate 2 is the point at which eligible projects are provided with a confirmed connection date, connection point, and Gate 2 Queue position. Readers should refer to the Gate 2 Criteria Methodology, appended to this Decision, for details of the criteria and processes. However as a broad summary, the Gate 2 Criteria Methodology contains the Gate 2 Criteria applicable to both existing customers and new applicants. The criteria are in two parts – both of which need to be satisfied in order to obtain Gate 2 terms:

- The Gate 2 Readiness Criteria – these provide the basis to collect, assess, and verify evidence as to whether projects are sufficiently progressed ('ready').
- The Gate 2 Strategic Alignment Criteria – projects must meet one of these criteria in addition to being assessed as being sufficiently ready:

[3] On 1 October 2024, National Grid Electricity System Operator (NGESO) was transitioned to the publicly owned National Energy System Operator (NESO). We refer to NESO in these documents for consistency but references to actions taken before 1 October 2024 should be read as NGESO.
[4] This is referred to as the TMO4+ / TMO4+ reform package interchangeably throughout this document and refers to the entire package, including the code modifications CMP434, CMP435, CM095, and the three methodologies: Gate 2 Criteria Methodology, Connections Network Design Methodology, and Project Designation Methodology.
[5] The draft of the Gate 2 Criteria Methodology, published by NESO in December 2024, was initially named the "Gate 2 Methodology." The updated version, which has been approved and appended to this decision, is now called the "Gate 2 Criteria Methodology."

(a) Criterion A: eligible for relevant 'protections'[6] which apply to projects with existing agreements

(b) Criterion B: aligned to the capacities within the Clean Power 2030 ("CP2030") Action Plan as described in the Connections Network Design Methodology

(c) Criterion C: designated under the terms of the Project Designation Methodology

(d) Criterion D: a project not within scope of the CP2030 Action Plan and of a technology type listed in the table in section 6.3 of the Methodology

1.3 The Gate 2 Readiness Criteria will be referred to throughout the rest of this document as Readiness Criteria or Readiness. The Gate 2 Strategic Alignment Criteria will be referred to as Strategic Alignment Criteria or Strategic Alignment.

1.4 Overall, the Gate 2 Criteria Methodology facilitates delivery of both the Connections Action Plan ("CAP")[7] objectives and the CP2030 Action Plan by providing a basis for the prioritisation of projects that are sufficiently ready and needed.[8] Our overarching document 'Summary Decision Document: TMO4+ Connections Reform Proposals – Code Modifications, Methodologies & Impact Assessment' provides further policy context.

1.5 The Gate 2 Criteria Methodology works in conjunction with the CNDM to deliver an enduring process for aligning connections with the CP2030 Action Plan, the Strategic Spatial Energy Plan (SSEP) and future strategic plans.

1.6 In this Decision, we have assessed the Gate 2 Criteria Methodology against:

- our principal objective to protect the interests of existing and future consumers as well as our wider statutory duties
- the objectives for this Methodology as set out in NESO licence condition E15

[6] Protections are set out in section 6.2 of the Methodology and include: protection for projects due to connect by 2026; protection for significantly progressed projects (achieving consent before the close of the application window) and partial protection for projects that do not receive planning consent decisions in good time or appeal planning decisions.
[7] Connections Action Plan: Speeding up connections to the electricity network across Great Britain
[8] Clean Power 2030: Action Plan: A new era of clean electricity

- compatibility with CMP434 and CMP435

1.7 The above assessment has been informed by stakeholder feedback to NESO's consultation on Methodologies in November 2024 as well as feedback received to our consultation held between February and March 2025.

1.8 Applying the Gate 2 Criteria Methodology to both the existing queue and future applications is necessary to address connections reform policy objectives and achieve a more viable, strategically aligned connections queue which contains the energy mix Great Britain needs.

1.9 This Decision approves the Gate 2 Criteria Methodology coming into force following the expiry of the 56-day standstill period for the associated licence changes as provided in s.11A(9) EA89. Our view is that the Gate 2 Criteria Methodology delivers the policy objectives for this Methodology set out in the new NESO licence conditions and serves the functions envisaged for in the modified CUSC. It also accords with our principal objective and wider statutory duties (see section 3).

1.10 Our view in our Minded-to Decision was that NESO has appropriately considered and responded to stakeholder feedback on its connections design proposal as a whole and on the Gate 2 Criteria Methodology in particular. We have considered the further feedback received in response to our consultation in February 2025. We have agreed some changes NESO proposed to improve Methodologies ahead of our decision (see section 4 'Updates to the Gate 2 Criteria Methodology' below). Our decision is therefore based on the version of the Methodologies published on NESO's website on 21 March 2025.

2. Policy context and intent

The role of Gate 2 Criteria Methodology

NESO's Connections Methodologies (Gate 2 Criteria Methodology, Project Designation Methodology, and CNDM) collectively deliver connection policy reform objectives, in line with code modification proposals, as required and enabled by the new licence conditions.

This section sets out the role of the Connections Methodologies, the policy objectives specific to the Gate 2 Criteria Methodology and relevant licence objectives (E15.2). This context underpins the rationale for the Decision in section 3.

Context and policy objectives relevant to the Gate 2 Criteria Methodology

2.1 The Connections Methodologies allow NESO to discharge its new enhanced role in coordinating a whole system approach to energy and network system planning with the connections process.

2.2 NESO is responsible for the planning and operation of the energy system, taking into account whole system needs and ensuring that the network can be designed accordingly by network companies. With its enhanced responsibilities, it is appropriate for NESO, through its licence, to be charged with having greater control over the connections process to support the delivery of the CP2030 Action Plan and future strategic plans. Accordingly, the Connections Methodologies contain the transparent processes that NESO and network companies would adhere to within the new proposed connections process, alongside appropriate safeguards. Decisions on CMP434 and CMP435 acknowledge and address points raised in relation to codification of Methodologies in working groups and in response to our consultation.

2.3 As the relevant Code Modification proposals and the proposed licence changes (published alongside this Decision) have been approved, the new licence requirements will give rise to three Connections Methodologies.

2.4 The Gate 2 Criteria Methodology contains the connections criteria for both new applications and existing agreements and the evidence requirements for being eligible for Gate 2.

2.5 This section does not repeat the policy context contained in our overarching decision document 'Summary Decision Document: TMO4+ Connections Reform Proposals – Code Modifications, Methodologies & Impact Assessment'. This section highlights some key points relevant to the Gate 2 Criteria Methodology only.

First-ready; first-connected

2.6 Moving to a 'first-ready, first-connected' connections process has been a longstanding policy objective. In our May 2023 Open Letter on future reform to the electricity connections process,[9] we outlined the priority of "removing

[9] Open letter on future reform to electricity connections process

projects which are not progressing from the queue, improving connection dates and enabling shovel-ready projects to connect ahead of those who may not be". The concept and creation of the Gate 2 Criteria Methodology, in particular the Readiness Criteria, responds to this objective. Our Impact Assessment accompanying this Decision, provides further detail on the growth of the connections queue over time in Section 1 'Problem Under Consideration.' It also presents the case for extending the Gate 2 Criteria beyond the Readiness Criteria to respond to the scale of the challenge and meet policy objectives.

Alignment with strategic plans

2.7 The CAP also set a vision for a reformed connections process that is aligned with future strategic network build and spatial energy planning. In particular, it set out the objective of "a pipeline of expected projects and connection dates that is consistent with net zero[10] targets and all parts working together (network planning, build and connections) so net zero aligned projects can connect when ready." The concept and creation of the Gate 2 Criteria Methodology, particularly the Strategic Alignment Criteria, responds to this objective that is 'first ready and needed, first connected' as set out in the 'Summary Decision Document: TMO4+ Connections Reform Proposals – Code Modifications, Methodologies & Impact Assessment'. In our Open Letter in September 2024,[11] Ofgem outlined the need for NESO to have more control over the connections process to facilitate the "delivery of the strategic plans in an open, transparent way that safeguards the interests of industry as well as meeting statutory objectives." The concept and creation of the Gate 2 Criteria Methodology responds to the need for connections to facilitate transparent delivery strategic plans.

Alignment with the CP2030 Action Plan and a robust pipeline beyond 2030

2.8 The Government published its CP2030 Action Plan on 13 December 2024 and updated the Connections Annex on 7 April 2025.[12] The Action Plan set explicit policy intent for the connections process "to prioritise projects needed for

[10] References to net zero throughout this document are made with regard to this duty on Ofgem to support the pursual of net zero by 2050, that is the duty of the Secretary of State to ensure that the net UK carbon account for the year 2050 is at least lower than the 1990 baseline.
[11] Open letter on the reformed regulatory framework on connections | Ofgem
[12] Clean Power 2030 Action Plan: connections reform annex (updated April 2025)

2030" while maintaining "a robust pipeline beyond 2030". The Gate 2 Criteria Methodology, in conjunction with the CNDM, responds to this intent by proposing a process that prioritises projects in line with the capacity pathways in the CP2030 Action Plan, using a 10-year horizon to ensure a robust pipeline beyond 2030.

Alignment with licence conditions, our principal objective and wider statutory duties

2.9 We consulted on proposals to introduce new licence conditions that place a responsibility on NESO to develop and maintain Connections Methodologies in November 2024 and February 2025.[13]

2.10 We proposed objectives for the Gate 2 Criteria Methodology in the new licence condition E15.2 of the NESO Licence, which was subject to statutory consultation in February 2025 and, following assessment of consultation responses, has been approved alongside this Decision. According to E15.2, the Gate 2 Criteria Methodology should:

i. be clear, transparent and objective

ii. facilitate a net zero energy system

iii. take into consideration strategic energy plans

iv. take into consideration the readiness of applicants to connect

v. facilitate a safe and secure electricity supply

2.11 These objectives provide focus for the Authority's review and approval of the Gate 2 Criteria Methodology. Section 3 assesses whether and how the Gate 2 Criteria Methodology meets the objectives in this section as well as our principal objective and wider statutory duties.

2.12 Section 3 also affirms our view on the compatibility of this Methodology with CMP434 and CMP435, in particular the relevant legal text relating to the Gate 2 Criteria Methodology.

[13] Proposed licence changes to enable TMO4+ Connections Reform | Ofgem

3. Rationale for our Decision

An assessment of the Gate 2 Criteria Methodology against licence objectives and our principal objective and wider statutory duties

This section provides the rationale for our Decision. It assesses key themes of feedback received in response to the consultation on our Minded-to Decision in February 2025.

It also assesses whether the Gate 2 Criteria Methodology meets the objectives set for this Methodology in new licence condition E15.2, as well as assessing whether approval is in line with Ofgem's principal objective and wider statutory duties. This assessment is informed by stakeholder feedback.

Key themes relating to the Gate 2 Criteria Methodology in consultation responses

3.1 In our Minded-to Decision consultation we asked, "Do you agree with our assessment, conclusions, and Minded-to Decision to approve the three Connections Methodologies?" We asked respondents to consider the proposed objectives for each Methodology in their assessment.

3.2 About half of respondents took no position on our assessment of the Methodologies in the context of the objectives we set for them in licence conditions. Of those that did engage with our assessment and conclusions, more than 60% agreed with our overall conclusions.

3.3 For respondents who disagreed with our assessment (around 20% overall), Gate 2 Criteria Methodology licence objective 4 (take into consideration the readiness of applicants to connect) was the objective for which multiple stakeholders provided rationale for why it was not met. We have addressed those comments both as a theme of the consultation responses (see theme 2 from paragraph 3.29 onwards below) and in our assessment of licence objectives. There was also an argument put forward that the Gate 2 Criteria Methodology fails to meet licence objective 4 as it does not offer practical protections to well-advanced projects. This is addressed in theme 1 from paragraph 3.7 below.

3.4 Some respondents argued that the Methodologies were not clear, transparent, and objective (licence objective 1 for all three Methodologies). For example,

one respondent argued that NESO's discretion reduced transparency; other respondents recognised that some bounded discretion was necessary but endorsed our statement in the Minded-to Decisions that NESO should share the "principles and process to balance relevant trade-offs in time for the Gate 2 to Whole Queue process".

3.5 Beyond these concerns in relation to licence objectives 1 and 4, respondents broadly agreed with our assessment and conclusions.

3.6 However, we acknowledge that respondents also raised a range of points in relation to the Methodologies that were not connected to our assessment of, and conclusions on, the licence objectives we set. Our assessment of, and response to, the four key themes raised in relation to the Gate 2 Criteria Methodology follows.

Theme 1: calls to extend protections to more advanced projects

3.7 Protections are realised by 'protection clauses' set out in the Gate 2 Criteria Methodology and also referred to in the CNDM. Protections are set out in more detail in the Gate 2 Criteria Methodology, but a summary follows.

a) Protection for projects due to connect by 2026 (Clause 1): Projects contracted to connect by the end of 2026 that have planning consent (queue management milestone M2) and have reached final investment decision (queue management milestone M7) will meet the Gate 2 Strategic Alignment Criteria and, subject to meeting the Readiness Criteria, will receive a Gate 2 offer. These projects will also retain their existing contracted connection date and connection location.

b) Protections for significantly progressed projects (Clause 2): Significantly progressed projects will meet the Gate 2 Strategic Alignment Criteria if they have submitted their planning application (queue management milestone M1) on or before 20 December 2024 and received consent prior to the closure of the first application window. Projects that hold a Contract for Difference ("CfD") or Capacity Market ("CM") contract, or have regulatory approval from Ofgem (for example, Cap and Floor agreement or Merchant Interconnector approval) will also be deemed 'significantly progressed' and receive a Gate 2 offer with a confirmed point of connection and date either as part of the Gate 2 to Whole Queue exercise or in the first enduring application window (should the project need to reapply).

c) Partial protections for projects that do not receive planning consent decisions in good time or appeal planning decisions (Clause 3): Projects that do not receive planning consent before the closure of the first application period (and have applied before that time), and projects that successfully appeal planning decisions ahead of the next application window, will receive partial protections. Projects that submitted planning prior to the closure of the first application window, and receive consent after its closure, will only be required to adhere to the GB total permitted capacity rather than any relevant regional capacity pathway for that technology if and when they chose to reapply for Gate 2 in the next application window (in circumstances where the delay in planning consent was the reason for not meeting Strategic Alignment criteria). Projects that submitted planning applications on or before 20 December 2024 and receive planning consent through appeal after the first application window would be treated as if they had been granted consent and will meet Strategic Alignment criteria in the next window irrespective of whether capacities would be exceeded. Protection following successful appeal also applies to cases of 'non-determination' at the point the application closes. This aspect of Protection Clause 3 received feedback leading to a recommendation set out in our response to Theme 1 and in our Decision Notice.

3.8 There was specific feedback in response to our Minded-to Decision on the Gate 2 Criteria Methodology suggesting that protections should be amended or extended. The most prevalent suggestion was to provide more certainty to projects due to connect in 2027 or 2028. For example, consultation responses stated that projects with 2027 connection dates are either commencing construction or close to making final investment decisions, and that ordering equipment and/or making binding financial commitments may pause without sufficient assurance around connection dates.

3.9 There were also calls to extend Protection Clause 2a to account for the fact that there is an uncertain, and often long, timescale for Nationally Significant Infrastructure Projects ("NSIPs") between submitting planning and receiving planning consent. Some respondents made a similar point in relation to Protection Clause 3 potentially resulting in unfair outcomes for projects that progress planning under Section 36 of the Electricity Act 1989 ("S36") on account of being subject to longer planning timescales and/or there being no

hook to appeal 'non determination' in the Gate 2 Criteria Methodology. Some respondents suggested factoring in whether a project receives 'no objection' or has to undergo a 'Public Local Inquiry' into Protection Clause 3.

3.10 Some respondents made the case that while NSIP projects can take up to two years to determine, there are stages for the planning application that could be considered as applicable for an appeal of 'non-determination' in Protection Clause 3. Some felt that protection should be provided to NSIPs that reach 'planning submitted' stage, or that NSIPs progressing under the Planning Act 2008 should be able to benefit from Protection Clause 3 and have assurance that they can receive Gate 2 terms in a CMP434 window if planning consent is achieved after the closure of the first CMP435 application window.

3.11 Conversely, some respondents were against the concept of protecting projects that achieved planning consent before the closure of the CMP435 application window on the basis that planning consent is not a good measure of the progress of projects or that it favoured specific types of projects.

Our response

3.12 We agree that it is important to ensure that the most well-progressed projects with existing contracts that can support Clean Power by 2030 are given maximum certainty that they will be eligible for Gate 2 contracts.

3.13 In our view, protecting projects due to connect in 2026[14] and protecting projects that have achieved planning consent prior to the closure of the first application window is the best approach to achieving this aim while still delivering against the permitted capacities in the CP2030 Action Plan.

3.14 We acknowledge that approaches to submitting planning vary depending on the type of project, its location, and its development and financing arrangements. However, we continue to view achieving planning consent as an important, though not the only, indicator that a project is well progressed. Crucially it is a marker of progress that is applicable to most projects and, generally, straightforward to evidence and verify (see assessment of licence objectives 1 and 4 below).

[14] In the case of project due to connect in 2026, existing connection dates are assured as part of the Gate 2 terms

3.15 Planning consent is also a stage at which the certainty that existing projects can and will progress towards energisation increases. Protecting an existing project at this stage is justifiable because these projects are likely to be relatively advanced, including in terms of investment, and doing so does not broadly result in the protection of projects beyond permitted capacities for 2035 in the CP2030 Action Plan. A lower bar for protecting projects, such as "planning submitted", would likely result in protecting too many projects, including projects that are not needed and ones that may not progress, and thus, block the path for advancing projects capable of connecting earlier.

Ofgem view on providing further certainty to projects due to connect in 2027 and 2028

3.16 In our Minded-to Decision we set out our view that providing assurance for advanced projects based on their planning status mitigates the need to protect projects based simply on their pre-existing 2027 or 2028 connection dates. Our view was grounded in the fact that: (a) achieving planning milestones is a better measure of progress than the date in an existing contract and (b) most projects with connections dates on or before 2028 are likely to receive a Gate 2 offer with a confirmed point of connection and date, if they are progressing with milestones in line with that connection date.

3.17 This continues to be our view. However, we recognise that projects that are well progressed and have existing agreements to connect in 2027 require certainty at the earliest possible point to ensure that financing and construction plans are not adversely impacted on the path to energisation.

3.18 We do not think that there is a valid case for protecting and providing date assurance to *all* projects with existing agreements to connect in 2027 or 2028 as this may include projects that do not achieve planning consent by the closure of the CMP435 window. Projects with 2027 or 2028 dates that are not already protected are, broadly, less likely to construct and connect in time. The protection clauses already protect well-progressed projects with 2027 and 2028 dates; however, we see merit in providing further certainty to projects that are due to connect in 2027 and are already in scope of Protection Clause 2a. These are projects with an existing contract that submitted a planning application on or before 20 December 2024 (that was subsequently validated) and achieve planning consent before the closure of the CMP435 application window. It also includes projects that hold a CfD or CM agreement, or have

regulatory approval from Ofgem, or network services procurement contract and are due to connect in 2027.

3.19 The protection clauses in the Gate 2 Criteria Methodology contain no assurance on dates. It is the combination of the Protection Clause 1 and CNDM that results in a date protection for projects due to connect in 2026. This is because the CNDM states that projects under Clause 1 'will retain their existing 2026 connection date and will not be adversely impacted by strategic alignment'.

3.20 In our view it is right to build on this approach to provide certainty for projects that are due to connect in 2027 (and which already fall within Clause 2a) so that they can proceed to construction and energisation without delay. Accordingly, **we recommend that NESO provides assurance to projects that are already eligible for Protection Clause 2a and that have a connection date on or before 31 December 2027**.

3.21 We recommend a change to the Gate 2 Criteria Methodology and/or CNDM (if needed) to achieve this outcome. We note that taking forward this recommendation may make Protection Clause 1 redundant as 2026 projects would also be in scope. In our view this change would not require further consultation as it addresses an issue raised in our consultation and has minimal impact on other projects that do not benefit from the amendment. This will not alter our Impact Assessment, as it simply provides greater clarity for projects that would already be protected and were likely to retain their existing dates.

3.22 In addition to providing this assurance to 2027 projects in the scope of Protection Clause 2a, as above, we expect NESO to prioritise the issuance of offers for 'phase 1'[15] projects connecting in or before 2028 as a result of the Gate 2 to Whole Queue exercise. NESO will provide clarity on implementation timelines shortly after our decision.

3.23 We acknowledge that providing this additional certainty may limit the scope network companies have to design an optimised network and may, to some

[15] Phases, set out in more detail in CNDM, are constructs to organise and order the connections queue. Phase 1 constitutes projects with an existing or requested date of 2030 or earlier that are under 2030 permitted capacities for the relevant zone and technology. Phase 2 constitutes projects with an existing or requested date after 2030 that are under 2035 permitted capacities

extent, limit the opportunities for advancement. It is also possible that this change will lead to an increased volume of protected projects being allocated to 'phase 1'. This would only occur for technologies where the protections result in an oversubscription against the 2030 permitted capacity, however it could reduce the scope for projects of other technologies to accelerate to pre-2030. This consideration is counterbalanced by the fact that the scope for network redesign and advancement prior to 2030 is already more limited than the scope for change after 2030. Overall, in our view, certainty for projects with consent by the closure of the application window and due to connect in or before 2027 is a practical step that would support continued progress towards construction and energisation. The Decision Notice at the end of this document summarises our recommendation.

Ofgem view on the protection of projects subject to longer planning decision timescales

3.24 There is variability in the planning system depending on where a project is located and the size and nature of each planned development. For example, we acknowledge that projects under the Town and Country Planning Act ("TCPA") 1990 and the TCPA Scotland Act ("TCP(S)A") 1997 have a statutory 'determination period', with the ability to appeal if these timescales are not met. Projects progressing under S36 of the Electricity Act 1989 or the Planning Act 2008 (for NSIPs / Development Consent Orders (DCOs)) differ in that they either do not have a determination period and/or have no right of appeal.

3.25 Turning first to S36, the statutory timelines for TCPA and TCP(S)A applications is what provides the basis for an appeal of 'non determination' as part of Protection Clause 3 in the Gate 2 Criteria Methodology. Under this clause, if a project successfully appeals either a planning refusal or 'non-determination' where statutory timescales exist, and ultimately goes on to obtain planning consent, then the project will be deemed to have met the Gate 2 Strategic Alignment Criteria in the next window, even if the zonal or GB permitted capacity is exceeded. The absence of a similar protection following achievement of consent after 'non-determination' for S36 projects was cited as unfair in some consultation responses.

3.26 If a S36 application was submitted on or prior to 20 December 2024, it should have either reached a 'no objection consultation response' or an objection

which triggers a public enquiry by the time the first application window closes.[16] Similarly, projects subject to TCPA and TCP(S)A should also have received either a decision notice or notice that the application has been referred to the Secretary of State. Considering the stage that these applications should have reached by the closure of the first 'Gate 2 to Whole Queue' application window, **we recommend that NESO amends Protection Clause 3 such that if planning applications were submitted on or before 20 December 2024 for projects subject to S36 and TCPA/TCP(S)A they are protected so that, if consent is ultimately granted, these projects can receive Gate 2 terms in a future CMP434 window and are exempt from zonal and GB permitted capacities**. No appeal of non-determination would be necessary if this recommendation is taken forward; this would address respondents' concerns in relation to the disparity between S36 and TCPA/TCP(S)A with respect to Protection Clause 3 and the appeal of 'non determination'.

3.27 Turning to NSIP projects, NSIP projects that submitted planning under the Planning Act 2008 on or before 20 December 2024 may not have reached an equivalent stage to projects being considered under S36 or TCPA/TCP(S)A by the closure of the CMP435 application window. This is because, as respondents to our consultation noted, there are longer and less certain planning timelines for NSIP projects.[17] NSIP projects that submitted planning on or before 20 December 2024 will either have concluded by the closure of the CMP435 application window or still be awaiting a decision. As there are a small number of NSIP projects in this process, and an even smaller number that will be 'undetermined' by CMP435,[18] **we recommend extending Protection Clause 3 to NSIPs that submitted planning on or before 20 December, such that these small number of projects can also receive Gate 2 terms in a future CMP434 window, irrespective of permitted capacities, if they ultimately achieve planning consent**. This approach

[16] The statutory timescale to reach this stage is four months, which will exceeded by the time the application window closes
[17] Projects subject to the Planning Act 2008 go through six stages: pre-application; acceptance; pre-examination; examination; recommendation; and decision
[18] National Infrastructure Planning

should also apply to applications in scope of the Development of National Significance (DNS) process in Wales.[19]

3.28 Overall, planning timescales are matters for the relevant planning authorities and there may be valid reasons that major projects take longer to achieve consent. Longer timescales for achieving planning consent, either due to the details of a project or its location, do not, in our view, drive a need to change the threshold of what counts as 'well advanced'. However, for the reasons set out above, **we recommend simplifying Protection Clause 3 such that all projects that submitted planning on or before 20 December 2024, that do not have an outcome by the closure of the CMP435 application window and which achieve consent later[20], can receive Gate 2 terms in a CMP434 window, even if it breaches zonal or national permitted capacities**. We do not think these recommended updates require further consultation, as such changes respond directly to concerns raised in response to our consultation. In addition, the nature of Protection Clause 3 (ie a route to re-enter the Gate 2 queue in a future CMP434 window subject to achieving planning consent) would mean there is no adverse impact on other projects in the Gate 2 to Whole Queue exercise. The impact in future windows is uncertain as it depends on the outcome of planning applications. However, it is important to note that existing Protection Clause 3 already creates a risk that permitted capacities in the CP2030 Action Plan could be exceeded in future windows and that adopting these recommendations would simply make that risk more likely to materialise. It is also important to note that adopting these recommendations would have a low impact on other projects (ie those not benefiting from the change). More protected projects will sit ahead of non-protected projects in future CMP434 queue ordering processes and it could reduce the chances of less ready projects receiving Gate 2 terms in future (which is consistent with the intended impact of the TMO4+ reform package as a whole). The Decision Notice at the end of this document summarises our recommendations.

[19] Developments of national significance (DNS): procedural guidance
[20] After the closure on the CMP435 window

Theme 2: lack of objectivity in using land and planning milestones

3.29 Some respondents viewed using land and planning consent milestones as lacking objectivity both in the context of the Gate 2 Criteria Methodology's Readiness Criteria and in the context of the CNDM's queue ordering process. Some suggested that using these milestones is a sub-optimal way to judge the maturity of projects and may incentivise the submission of rushed planning applications. One specific call was for more 'stratification' (ie splitting milestones to reflect more granular stages of development) of projects that have not submitted applications for planning consent.

3.30 Some respondents also put forward the view that land rights and planning milestones do not accurately determine the viability of projects. Some extended the same point to planning consent. As one respondent commented: "[the use of planning consent] does not objectively identify projects which are well-developed and funded over a lifetime of operation, instead favouring developers who have chosen to pursue a particular path". Another response put forward the view that meeting 'Readiness' through attaining land rights should not be taken to mean projects are economically viable or have good consenting prospects.

3.31 There were specific calls to assess the readiness of interconnectors based on 'connecting market support' rather than land-based requirements. There were also calls to ensure that Regulatory Approval for interconnector projects had not expired such that 'stagnant' projects remain protected and prioritised at the expense of more viable projects with connecting market support. There were also views put forward that demand projects should have a lower or no readiness threshold.

Our response

3.32 Options for Readiness Criteria (attaining land rights for the majority of projects) have been explored by NESO and industry for over a year. In December 2023, NESO (then ESO) stated as part of its recommendations that: "a reformed connections process should be able to accelerate projects that are ready(ier) to connect as it helps allocate capacity to those projects that are most ready to use it". Options to determine the right 'readiness threshold' were subsequently a key area of discussion with industry,

culminating in NESO presenting its recommendation for 'secured land rights'[21] to be the threshold at the Connection Process Advisory Group (CPAG).

3.33 We agree with respondents that 'Readiness' does not necessarily indicate that a project is economically viable or has good consenting prospects. We also accept that land and planning milestones are imperfect measures of progress, as different projects take different approaches to project development and planning requirements are variable. However, in our view, planning milestones, in particular attaining land rights, submitting planning and achieving planning consents, are the most objective indicators with broad applicability. These planning milestones are sufficiently simple and objective to incorporate into the connections process. As one respondent summarised: "in the absence of other means to prove a development's viability, land and planning evidence is a sensible means by which customers can demonstrate their commitment to connect."

3.34 On land rights in particular, our view is that the bar for Gate 2 should be as close to planning submission as feasible (as this more clearly signals 'readiness'), whilst also being objectively verifiable. We understand that developers often seek to first secure exclusive land rights for their site before submitting their application for planning consent. This is in line with how the current Queue Management Milestones are structured, with land rights for the site being required before a developer submits an application for planning consent. Accordingly, our view is that this is the clearest verifiable evidence of project progression ahead of submission of the application for planning consent.

Ofgem view on using land rights for interconnector and demand projects

3.35 We acknowledge that the acquisition of land may come later in the process for interconnector projects. In this context it is important to note that there is a provision in the Gate 2 Criteria Methodology and CNDM for NESO to reserve capacity and connection points for interconnectors at Gate 1 irrespective of whether land rights have been obtained. In addition, where an interconnector has regulatory approval and NESO make such a connection point reservation,

[21] An option over land, land ownership, or land lease.

the project can also be 'protected' and meet Strategic Alignment criteria without demonstrating land rights at that point.

3.36 Conversely, it is also important that interconnectors that either do not have or that lose connecting market support do not block the path for more viable interconnectors. Ultimately, should an interconnector not continue to meet the terms and conditions of its Regulatory Approval, it will eventually be subject to either self-termination or termination through the application of Queue Management Milestones. However, Ofgem will work with NESO following this Decision to establish whether provisions are needed in Gate 2 interconnector contracts to ensure that if projects no longer benefit from Regulatory Approval, they can be terminated and capacity reallocated to other viable interconnector projects as quickly as possible. Accordingly, in our view, no changes are needed to Methodologies.

3.37 Turning to demand, we do not agree that demand projects should be exempt from needing to demonstrate progression. Some demand stakeholders did suggest that development costs could increase, project development timelines could need to change, and that landlord power could increase with the need to attain land rights to be eligible for Gate 2. However, workable alternatives for demand projects to demonstrate progress that are consistent with the policy intent to establish readiness to be in the Gate 2 queue were not put forward.

3.38 In accordance with 6.3 of the Gate 2 Criteria Methodology, transmission-connected demand projects are out of scope of the CP2030 Action Plan and automatically meet the Strategic Alignment criteria. As a result, large-scale demand projects will benefit, in general, from a more credible and viable Gate 2 queue. In that context it is appropriate for demand projects to demonstrate commitment to connect, even if that means attaining land rights earlier than would have been the case without such a Gate 2 requirement.

3.39 Overall, land and planning milestones are well understood and the best available options, in our view, for assessing readiness and progress fairly and consistently across all projects. The objectivity of these metrics is further explored in our assessment of licence objectives 1 and 4 below. The use of planning milestones specifically for queue ordering (as opposed to their use to assess readiness and maturity) is assessed in our CNDM Decision.

Theme 3: Attrition and the impact on competition

3.40 As was the case when NESO consulted on the Methodologies in November 2024, some respondents strongly disagreed with the fact that the Gate 2 Criteria Methodology and the CNDM do not contain contingencies for 'attrition' (ie the allocation of more capacity than needed) over CP2030 Action Plan pathways to account for projects that exit the queue.

3.41 Some respondents asserted that this would have an adverse impact on competition, including CfD liquidity, which could place an upward pressure on prices. These respondents put forward the view that if the Government does not increase 2035 capacities in the CP2030 Action Plan then, in the alternative, NESO applying a specific attrition figure when allocating projects against CP2030 Action Plan capacities would better facilitate meeting Clean Power by 2030. Some responses noted that this was particularly the case for storage and onshore wind in Scotland, as there is little or no capacity growth between the 2030 pathway and 2035 capacities used as the basis for connections. There was also a call for NESO to state its post Gate 2 attrition assumptions.

Our response

3.42 The CP2030 Action Plan contains capacities to 2035 expressed as a range. Generally, the connections process will use the upper end of the range set out in the Connection Annex of the CP2030 Action Plan. The inclusion of capacities up to 2035 and the use of the upper end of the range is, in our view, a contingency that fulfils a similar function to adding an attrition figure to 2030 capacities and, for most technologies, we expect it to result in there being significantly more capacity in the queue than is needed for 2030.

Our view on storage and onshore wind capacities

3.43 We acknowledge that there is low or no uplift from 2030 capacities to 2035 capacities in the case of storage and onshore wind in Scotland.

3.44 Firstly, the upper end of permitted capacity ranges in the CP2030 Action Plan Connections Annex will be applied to the connections queue. This provides some flexibility and means that projects exiting the queue in the short-term are unlikely to undermine the aim of Clean Power by 2030 if they cannot be replaced by projects with post-2030 connection dates. In the case of Onshore

Wind, the capacity ranges allow for a doubling of Onshore Wind capacity in Scotland between 2025 and 2035. In the case of storage, the application of protections is likely to result in far more battery projects in the queue than the capacity range for 2035.

3.45 Secondly, the pathways NESO provided in its advice to government reflect existing plans for renewable projects across the network and the Government built on that advice to ensure the pathways are credible, robust, and do not constrain future deployment. In the case of storage, it is unlikely that the market, or the network, could sustain higher volumes of 'in-front-of-the-meter' storage. In the case of onshore wind, increasing capacities beyond the range in the CP2030 Action Plan could lead to a material increase in constraints between England and Scotland.

3.46 Thirdly, increasing 2035 capacity allocations for any technology would reduce the scope for the SSEP to optimise the future network.[22] The SSEP, expected in 2026, presents a further opportunity for NESO and Government to assess the capacities needed beyond 2030. However, any decision to increase capacities will need to consider system benefit, the market, and the risk of higher consumer bills caused by increased constraint costs.

Ofgem view on the practical implications of there being no attrition figure

3.47 As previously set out in our Minded-to Decision on the Gate 2 Criteria Methodology, we also consider it important to underline that Future Energy Scenario ("FES") derived capacity ranges to 2035 will set the mix of projects for queue ordering but will not dictate connection dates. This means that if a project is in 'phase 2'[23] (needed in line with FES-derived capacities to 2035 but above what is needed for 2030) it can receive a pre-2031 connection date if there is available capacity and if the project can meet all the milestones required to connect in that timescale. Conversely, there is a low risk that a project needed for 2030 may not get a pre-2031 date if there is insufficient network capacity in that location.

[22] Clean Power 2030 Action Plan: solar capacity update - letter to NESO, 7 April 2025 - GOV.UK
[23] Phases, set out in more detail in CNDM, are constructs to organise and order the connections queue. Phase 1' constitutes projects with an existing or requested date of 2030 or earlier that are under 2030 permitted capacities for the relevant zone and technology. 'Phase 2' constitutes projects with an existing or requested date after 2030 that are under 2035 permitted capacities

3.48 We acknowledge that projects that receive connection dates in or after 2031 as part of the proposed 'Gate 2 to Whole Queue' exercise may not be able to subsequently be pulled forward once planning, finance, construction, and energisation timelines are adjusted by developers to align with prospective connection dates.

3.49 We expect the delivery of more capacity than needed for 2030 to be possible. This is because there will be projects capable of receiving a connection date before the end of 2030 in 'phase 2'[24] of the Gate 2 queue. This is either because they (i) have an existing connection date before the end of 2030 with network capacity planned or available and/or (ii) there will be phase 2 projects capable of accelerating their current connection to 2030 or before. Our expectations are that:

- More projects than are needed for 2030 (ie more than in the CP2030 Action Plan 2030 capacities) should receive connection dates up to 2030 as an outcome of the 'Gate 2 to Whole Queue' exercise, as per the two categories above.
- Network companies should work closely with NESO during the implementation phase to ensure that enough projects receive pre-2031 dates. We also expect network company plans, including RIIO-T3 plans, to demonstrate coherent needs cases for the enabling infrastructure needed for Clean Power by 2030, accounting for projects exiting the queue before 2030 and the 2035 capacities in the CP2030 Action Plan.
- NESO should consider after receipt of Gate 2 evidence, then following queue formation and offer acceptance if, based on new information, there is any reason to review and update its approach to attrition.

3.50 Overall, considering the use of upper end of the ranges for 2030 in the CP2030 Action Plan, the expectation that phase 2 projects can receive pre-2031 dates, and the protections for well-advanced projects, our view is that the CP2030 Action Plan can be implemented through the Connections Methodologies without a further attrition added to the process, adding attrition would weaken some of the benefits of TMO4+ reform objectives.

[24] Phase 2 constitutes projects with an existing or requested date after 2030 that are under 2035 permitted capacities

Ofgem view on the relationship between capacities and competition

3.51 The fact that the upper end capacity range of what is needed for 2030 and 2035 capacities will be used as the basis for connections is equally relevant to concerns relating to the liquidity, and price outcomes, in CfD auctions. The eligibility requirement for CfD auctions is a matter of government policy and is not fixed. As set out in our Impact Assessment ('Impacts to competition in the CfD market') by way of precedent, previous requirements to enter CfD auctions have included 'applicable planning consents'[25] as well as a connection contract.

3.52 This would mean that a large volume of projects in the existing connections queue with connection dates before 2031 are not sufficiently ready to compete in CfD/CM auctions in any case, and projects that would receive Gate 1 terms are not likely to be in a position to compete in the CfD or CM auction on account of the status of the project.

3.53 While the overall volume of projects in the queue would be reduced compared to the status quo, we do not expect a reduction in projects able to compete in CfD auction ahead of the SSEP being released. Indeed, as set out in our Minded-to Decision, NESO expects competition for CfDs or CM contracts to increase ahead of 2030 because the application of the Gate 2 Criteria would mean that more ready projects would have been accelerated in the connections queue from post-2030 to pre-2030 and be in a position to compete in CfD/CM auctions for the delivery years until the end of 2030.

3.54 In our view, this is a reasonable assumption, contingent on NESO and network companies accelerating projects and delivering more pre-2031 offers than are needed in the 'Gate 2 to Whole Queue' exercise. However, even without these accelerations, we do not expect competition to decrease, as the projects being removed in the near term are those not likely to be ready to compete, regardless of reform to the connections process.

3.55 As set out in our Impact Assessment paragraph in section 'Impacts to competition in the CfD', turning specifically to the next CfD auction, Auction Round 7 (AR7) is likely to take place before Gate 2 offers are confirmed. However, applicants with an existing agreement in place can enter in line with

[25] Schedule 5: Application checks to be carried out by the Delivery Body

the CfD eligibility requirements and based on their current connection agreements.

3.56 Applicants with a planning consent in place would be protected. However, there is a small risk that some applicants with existing agreements may find their connection dates delayed (see section Theme 2: mixed views on planning milestones determining queue position in our CNDM Decision). This would mean that their connection dates may not align with delivery dates in their CfD contract. We expect this situation would be addressed under the CfD force majeure clause.

3.57 Turning to the longer term, following the implementation of the TMO4+ package, there will be an opportunity to align the connections process to the first SSEP. In our view, as the thinking on how SSEP will be delivered develops, a balance will need to be struck between a connections process that delivers strategic plans and a process that continues to facilitate competition and innovation by allowing developers and investors to locate and connect in response to market signals. Coming policy choices about the role of connections in implementing the SSEP present an opportunity to consider how to maintain or increase competition, including in CfD auctions. Choices relating to the implementation of the first SSEP and future iterations of the SSEP will also be informed by how the market responds to new connections process signals.

3.58 Overall, we do not expect that CfD competition will be reduced in the near-term and risks stemming from changing contracts can be actively managed. We see the development of the SSEP and policy choices about its implementation as an opportunity to explore the longer-term impact on competition and the role of the SSEP, connections, and other policy levers in fostering the right balance between competition and strategic planning. Additionally, while we do not agree that it is necessary for the Gate 2 Criteria Methodology or the CNDM to contain attrition assumptions for approval, we do expect NESO to consider, after receipt of Gate 2 evidence, if, based on new information, there is any reason to review and update the Methodologies. We will also have the ability to trigger a review of the Methodologies to enable intervention if there are significant risks emerging to competition.

Theme 4: Solar capacities

3.59 In our Minded-to Decision, we noted that around 20GW of solar projects with planning applications submitted may not meet Strategic Alignment Criterion B with an application of zonal capacity limits without substitution between zones, while the national capacity limits are not met. We also noted that:

- the Methodologies allow NESO to address this potential imbalance (in this case an imbalance across transmission and distribution) and other similar imbalances in a way that reflects the overall objective of Clean Power by 2030, respects national capacities in the Action Plan, accounts for the relative readiness projects, and considers trade-offs such as electricity system constraints; and
- NESO was actively considering how to address the solar imbalance across transmission and distribution, either through substitution (as already provided for in the draft Methodologies), or through revisiting the transmission and distribution split of solar capacities.

3.60 Some respondents to our consultation noted this point and provided their view. Most set out a case for either increasing solar capacities in general or allowing for 'permeability' across transmission and distribution. Conversely, an alternative view put forward was that the CP2030 Action Plan solar capacities should not change as a signal on the split had already been sent to the market by publication.

Our response

3.61 The Government and NESO were also subject to similar feedback and came to the view that the Connections Reform Annex of the CP2030 Action Plan should be updated to address a misalignment between solar capacity allocations and the solar pipeline for 2031-35. Accordingly, the Connections Annex was updated on 7 April 2025 and contains amalgamated transmission and distribution zones for 2031-35.[26]

3.62 The principal reason for the change is that the market is projected to shift more towards larger solar projects at transmission more than the FES that underpins the 2035 capacities anticipated. As a result, if splits were

[26] Clean Power 2030 Action Plan: connections reform annex (updated April 2025)

maintained, there would be an imbalance between solar at transmission and distribution between 2031-35. We agree that it was right to amalgamate the transmission and distribution splits for solar considering this new information.

3.63 As well as better representing the change in the market, we also see a secondary benefit of amalgamating transmission and distribution splits in that it reduces the risk that well-progressed and the 'most ready' solar projects at transmission with planning submitted are moved to Gate 1, and overall, are more likely to receive Gate 2 contracts.

3.64 We expect that NESO using 'substitutions' (the mechanism allowed for in the CNDM) would have substantially addressed the imbalance, however amalgamating transmission and distribution zones is a more optimal solution that provides, in relative terms, more certainty to well-advanced projects. This is because with amalgamated zones, the most-ready projects across the merged transmission and distribution zones are considered first. Conversely, without amalgamation, in a zone with an 'undersupply' of technology against the CP2030 Action Plan pathway, relatively less well-advanced projects (for example, those with only land rights) would be included under the capacity limit for that zone, irrespective of the capacity of overlying or adjacent zones. It is only after all ready projects in that zone are included that other projects (for example, projects with 'planning submitted') in an adjacent or overlying oversupplied zone, are considered, depending on constraints, as eligible to meet Strategic Alignment Criterion B on account of remaining 'undersupply' in an adjacent or overlying zone.

3.65 It is not possible to be certain about the specific outcomes of substitution ahead of readiness declarations and without a full assessment of the impact on constraints. However, in general, merging transmission and distribution zones for 2031-35 means that the most well-advanced (unprotected) projects within merged zones are more likely to be eligible for a Gate 2 offer. While not all the oversupply of solar is likely to receive Gate 2 terms due to this amalgamation, the impact of amalgamating transmission and distribution zones is that there is far less likely to be an oversupply of projects with planning submitted following substitution.

3.66 In our view, this is an appropriate and targeted change that responds to the best available information and provides more clarity for solar developers with well-advanced projects.

3.67 Turning to the feedback that the CP2030 Action Plan should not change, we note that Government considers its update to the Connections Annex on 7 April 2025 to be a one-off technical update in response to a particular development in the underpinning evidence with no expectation that further changes will be needed ahead of the SSEP. We therefore consider that the CP2030 Action Plan can and should be relied upon for the purposes of implementing Strategic Criterion B.

3.68 There is no similar market shift or change in the data that makes the case for altering or amalgamating the transmission and distribution splits for either onshore wind or battery storage projects (or other technologies). Additionally, altering the transmission and distribution split would not have the same benefit of ensuring that the most well-advanced projects are prioritised, as current planning data suggests that it is likely that most, if not all, of the regional permitted capacities out to 2035 for onshore wind and battery storage projects may be met through projects that are protected.

3.69 Overall, we are satisfied that the amalgamation of transmission and distribution zones for solar in 2031-2035, combined with the substitution mechanism already provided in the CNDM, balances effective implementation of CP2030 Action Plan capacities with the dual priority of ensuring that, in general, more well-advanced projects receive Gate 2 offers. In our Minded-to Decision we set an expectation that if and when NESO needs to use discretion as part of addressing the types of imbalances identified above, we expect NESO to share its principles and process to balance relevant trade-offs in time for the Gate 2 to Whole Queue process. Consultation responses supported this stance, and it continues to be our expectation.

3.70 We note that NESO will need to make minor consequential amendments to the Gate 2 Criteria Methodology and CNDM to reflect and refer to the update to the CP2030 Action Plan Annex. We recommend this minor update is taken forward alongside the substantive recommendations in our Decision Notice.

Assessment of the Gate 2 Criteria Methodology against licence objectives

Licence objective 1: be clear, transparent, and objective

3.71 Our view is that the Gate 2 Criteria Methodology contains clear and objective criteria that are as transparent as possible. We have considered the Readiness Criteria, Strategic Alignment Criteria, and how these criteria would be applied to arrive at our conclusion.

Readiness Criteria

3.72 NESO has developed objective criteria that can be applied to determine whether applicants are eligible for a Gate 2 offer on account of Readiness. For the reasons set in paragraph 3.32 onwards, we agree that exclusive land rights is an appropriate threshold for the majority of applicants.

3.73 Land rights are straightforward to understand and evidence existing customers and applicants can self-assess prospective compliance. There is a limited role for NESO discretion in the application of Readiness Criteria; this is appropriate in the context of criteria that are designed to evidence objective project progression.

3.74 We expect the majority of projects to evidence meeting Gate 2 Readiness Criteria through demonstrating they have obtained land rights; however, there is an alternative for projects that need to follow the Development Consent Order (DCO) process to demonstrate Readiness through submission of the DCO application. We are satisfied that, for example, the Planning Inspectorate's acceptance of a submission for development consent is commensurate with land rights in those scenarios.

3.75 We noted in our Minded-to Decision that NESO introduced a case-by-case discretion to assess evidence of readiness where an existing customer or applicant can demonstrate that it needs to follow an 'alternative' planning process (ie other than DCO) to secure relevant land rights. In these scenarios, which we expect to be exceptional, we are satisfied NESO would be able to seek equivalent objective evidence, such as submission of planning, to demonstrate equivalence with land rights.

3.76 Our view is that this limited discretion is necessary to avoid unintended consequences, for example, projects with non-standard planning requirements

being unable to meet the Readiness Criteria. This approach would avoid such outcomes and enhance fairness should planning application scenarios not foreseen by NESO be cited as necessary by applicants.

Strategic Alignment Criteria

3.77 Unlike the Readiness Criteria, it will not always be possible for applicants to determine for themselves whether they meet the Strategic Alignment Criteria. It would be clear for projects that fall within Criteria A (protection clauses) or D (projects listed as out of scope of the CP2030 Action Plan), that they meet the Strategic Alignment Citeria. These criteria are unambiguous and wholly transparent. We consider the transparency of Criterion C (designation) in our Decision on the Project Designation Methodology. That full assessment is not repeated here, but our conclusion is that the designation categories, the designation criteria, and process for decision-making are transparent and will be subject to appropriate scrutiny to avoid undue influence or unfair decision-making.

3.78 As to meeting Criterion B (alignment with the CP2030 Action Plan capacities), meeting this is contingent on NESO applying the process contained in the CNDM to order the queue in phases up to the capacity limits in the CP2030 Action Plan. Some feedback to our consultation pointed to a perceived lack of transparency around how the capacities in the CP2030 Action Plan were modelled. We agree that the most accurate and transparent data available should be used to ensure fairness for project developers and the best outcome for consumers. The pathways NESO provided in its advice to government are based on their Future Energy Scenarios, which are published annually based on extensive engagement with network companies and developers, and reflect existing plans for renewable projects across the network. Building on NESO's scenarios, government has produced its own modelling based on extensive consultation with industry to ensure the pathways are credible, robust, and do not constrain future deployment.

3.79 Nonetheless, it remains the case that there would be a cohort of applicants that would not be able to determine with any certainty whether they meet Criterion B because they may not be aware of how advanced projects in the same technology class are that are seeking to connect in the same location and, therefore, how far away they will be from the maximum permitted

capacity range in the CP2030 Action Plan as a result. This is especially true for the first window (the Gate 2 to Whole Queue exercise) as it impacts all existing connection agreements. We consider, however, that this is a consequence of NESO needing to apply criteria that orders the queue in a way that responds to the CP2030 Action Plan, as the first strategic plan used to implement alignment within connections. We do not believe there is an alternative means of achieving that necessary objective that would provide improved transparency for existing customers.

3.80 Existing customers or applicants not being able to determine with absolute certainty ahead of applying for Gate 2 whether they meet Criterion B, can to some extent be mitigated by NESO publishing information on its Gate 2 assessment at the earliest opportunity. We have also narrowed uncertainty through the accompanying Impact Assessment by providing indications of where permitted capacities for technologies and zones are likely to be exceeded by projects with protections and, where this is not the case, the likely makeup of the queue (planning submitted and land rights) against what is needed for 2030 and 2035. This will provide additional valuable information and transparency, albeit it does not wholly mitigate the lack of upfront certainty for existing customers and users before and during the application window.

3.81 NESO currently intends to publish Gate 1 and Gate 2 outcomes for the first window once updated agreements have been signed. As referenced in our Decision on CMP435, while we are approving the Original Proposal, we believe that the transparency of information that WACM1 would have achieved should be pursued as far as possible for the benefit of consumers and CUSC Users. Therefore, we expect NESO to publish the information as suggested in WACM1 within a timeline compatible with the 'Gate 2 to Whole Queue' process.

3.82 As noted in our response to consultation feedback theme 2 above, there was some feedback on the effect of Strategic Alignment Criterion A (protections) for projects in scope of S36 and NSIP projects. The concern raised was that these projects would be unable to appeal non-determination in the same way as projects under TCPA and TCP(S)A. We addressed this feedback by recommending changes to Protection Clause 3 to provide parity. Our Decision Notice summarises the recommendations.

Application window and validation

3.83 As well as the criteria being as objective as possible, the Gate 2 Criteria Methodology includes clearly defined terms[27] and a clear and transparent process of how the evidence will be gathered and evaluated. The Methodology sets out the differences between the application of criteria to existing contracted parties[28] and application of criteria in the enduring process.[29]

More specific transparency points raised in consultation

3.84 Some stakeholders made the point that key templates and guidance, in particular the 'Readiness Declaration' and Energy Density Table figures, were missing, making it challenging for them to prepare, and that, in their view, this reduced transparency. In addition, a small number of respondents stated that the definition of the Original Red Line Boundary is unclear in how it relates to planning boundaries or secured land rights boundaries. There were also some calls to remove minimum acreage requirements for projects below 50MW.

3.85 This feedback on templates and guidance has been addressed by NESO's publication, on 11 April 2025, of the 'Readiness Declaration' template, and the Energy Density Table in the draft NESO Letter Of Authority (LOA) guidance. Where appropriate, the Energy Density Table has been revised to display the minimum acreage per MW for both Transmission and Distribution connection projects separately. This adjustment allows DNOs/iDNOs to evaluate the minimum acreage required by their customers for the purpose of Gate 2 Readiness. Where the site acreage is less than the threshold given in the Energy Density Table, applicants can provide evidence via their Readiness Declaration as to why a reduced minimum acreage is appropriate. For consistency and to support the objective of the reforms, this flexibility is preferable to the removal of minimum acreage requirements.

3.86 Turning to the Original Red Line Boundary, in our view it is sufficiently clear in the Gate 2 Criteria Methodology that the Original Red Line Boundary, the Planning Red Line Boundary, and the Actual Secured Land Rights Boundary, are different. The Original Red Line Boundary does not need to be the same

[27] For example, dispatchable technologies, LDES, batteries and nuclear
[28] Under CMP 435 in accordance with Section 18 of CUSC
[29] Under CMP 434 in accordance with Section 17 of CUSC

as the Planning Red Line Boundary or the Actual Secured Land Rights Boundary, but it would need to be within the Secured Land Rights Boundary.

3.87 As was the case when NESO consulted on Methodologies in November 2024, some stakeholders continue to challenge the objectivity, transparency and fairness of the disputes process, in particular that users that raise a dispute will not be included in the Gated Design Process for the relevant window irrespective of the dispute outcome.

3.88 In our view, it is important that the transition from the application window to the design window is as swift as possible to provide certainty to applicants and to meet the pace of progress necessary to achieve the ambitious aim of Clean Power by 2030. In our view, the Readiness Criteria have been made as objective as possible, with limited exceptions and discretion. Therefore, our expectation is that evidence verification would be a consistent process with a low frequency of disputes. However, in cases where disputes do emerge and where no swift resolution is possible, we acknowledge that it would not be appropriate to delay the relevant design window to resolve disputes. However, where disputes are not complex, we expect NESO to explore ways to provide a swift remedy in response to disputes relating to clear-cut errors where that is possible without elongating the application window or delaying the design window.

3.89 Overall, we consider that NESO has established a well-defined and objective Methodology that works in conjunction with the CNDM and Project Designation Methodology to provide a clear basis to determine which projects are eligible for a Gate 2 offer, and how eligible projects would be prioritised. The Readiness Criteria are clear, transparent, and objective and can be applied consistently and fairly. Strategic Alignment Criteria A, C, and D are also transparent. Criterion C (designation) is as objective as possible, and the Project Designation Decision considers this in more detail. Criterion B is both transparent and objective, as well as being sufficiently clear once read in conjunction with published capacities in the strategic plans (namely the CP2030 Action Plan). Though we acknowledge that some applicants face limitations in their ability to determine with certainty their likelihood of meeting this criterion in advance of making an application. We conclude that the Gate 2 Criteria meet the transparency and objectivity requirements in the licence condition. However, we expect NESO to explore opportunities to

publish information on initial Gate 2 checks and final Gate 2 outcomes at the earliest opportunity.

Licence objective 2: facilitate a net zero energy system

3.90 As set out in our accompanying 'TMO4+ Impact Assessment', slow moving, insufficiently well-progressed and unnecessary projects hold queue positions and block networks from reallocating physical resources, such as substation bays. A more effective connections process that takes into account strategic network plans is essential to unlock investment in the locations and technologies that meet GB's future electricity needs and net zero objectives.

3.91 As set out above, our view is that the Gate 2 Criteria Methodology sets out a clear basis for assessing whether projects are sufficiently ready and aligned with the capacity pathways in the CP2030 Action Plan, or otherwise needed such that they should take up scarce network capacity and be eligible for a connections contract on Gate 2 terms.

3.92 Turning first to the role of the Readiness Criteria, our assessment is that these criteria set an appropriate threshold to support achieving a net zero energy system. This threshold ensures that projects have made a tangible commitment to project development, without making planning applications a bottleneck or limiting scope for accelerations in the future, which would happen if the criteria were set at the next queue management milestone of submitting planning. Accordingly, the Readiness Criteria play an important role in releasing network capacity and providing (a) increased certainty for projects needed to meet Clean Power by 2030 and subsequently meeting net zero, and (b) the opportunity to accelerate projects that are needed to deliver Clean Power by 2030. The Impact Assessment accompanying this Decision provides more detail on both impacts in the 'Impact on network build and connection dates' section.

3.93 Turning to the Strategic Alignment criteria, these criteria will facilitate alignment with the capacities within the Government's CP2030 Action Plan. As set out in our Impact Assessment in the 'Background and Context' section, the capacities in the CP2030 Action Plan are ranges that are mostly derived from NESO's net zero-aligned Future Energy Scenarios (FES).

3.94 Overall, we consider that the Gate 2 Criteria Methodology is an important part of the new proposed connection process, which is required to deliver Clean Power by 2030 and, subsequently, a net zero energy system.

3.95 Accordingly, we have concluded that the Gate 2 Criteria Methodology meets this licence objective.

Licence objective 3: takes into consideration the Strategic Plans

3.96 In the Government's Planning and Infrastructure Bill, the link between the connections process and strategic plans is proposed to be explicit by stating that NESO must have regard to the "designated strategic plans". Designated strategic plans include the published CP2030 Action Plan, then the SSEP when this is delivered, and potentially any other strategic plans government publishes.

3.97 The Gate 2 Criteria Methodology plainly takes the CP2030 Action Plan into consideration. It introduces the Strategic Alignment Criteria, in particular, Strategic Alignment Criterion B, which provides a basis for projects to be eligible for Gate 2 contracts if they are aligned with permitted capacities in the CP2030 Action Plan.

3.98 Strategic Alignment Criterion B facilitates the mix of prioritised generation and storage that provides a more efficient and achievable path to CP2030 and then for a net zero energy system by requiring alignment with locational capacities.

3.99 The Gate 2 Criteria Methodology provides routes for projects that do not align with CP2030 to meet Gate 2 Criteria. Specifically, the application of Strategic Alignment Criteria A (protections), C (designation), and D (projects identified as out of scope) collectively provide necessary flexibility to avoid unintended and disproportionate consequences.

3.100 Turning to Criterion A, as noted in our assessment of consultation responses on protections, it is important to ensure that the most well progressed projects with existing connection contracts that can support Clean Power by 2030 are given maximum certainty that they will be eligible for Gate 2 contracts. Overall, we do not expect the application of protection clauses to result in more capacity in the queue than is needed for 2035 at a national level, with the exception of battery storage projects in some zones.

3.101 Turning to Criterion C, project designation is expected to be used rarely for specific reasons and critical projects (see Decision on the Project Designation Methodology for more detail). The criterion provides a route to respond to well-defined system needs and is not specifically needed to achieve Clean Power by 2030. Designation is expected to be used rarely and is also not expected to undermine the implementation of strategic plans.

3.102 Turning to Criterion D, the inclusion of wave, tidal, run-of-river hydro, geothermal and non-GB generation projects is not expected to result in significant additional generation capacity, and any such capacity would support net zero goals. Section 4 paragraph 4.16 notes the addition of run-of-river hydro and geothermal project to the 'out of scope' list in the Gate 2 Criteria Methodology.

3.103 Transmission-connected demand does not have any capacity limits derived from the CP2030 Action Plan and would only need to meet the Readiness Criteria. This was the most coherent way for NESO to address demand in the absence of a demand pathway or specific direction in the Action Plan, and large-scale demand projects are likely to benefit in line with the Government's broad expectations to ensure timely connections for demand. We note that in future, it is possible that a demand pathway is provided by government; if so, respective Methodologies may have to be amended in future to accommodate this.

3.104 NESO has a degree of discretion in the way it addresses undersupply as a result of any zonal imbalances against the CP2030 Action Plan. We expect NESO to use this bounded discretion in a way that treats projects in non-discriminatory manner in accordance with their statutory duties, while seeking to best facilitate the CP2030 Action Plan. We expect NESO to share its principles and processes to balance trade-offs where it uses such discretion to make substitutions in time for the 'Gate 2 to Whole Queue' exercise.

The path to the first SSEP

3.105 Policy choices about the SSEP baseline have not yet been made, but we expect the SSEP to be relatively free to optimise while including projects needed for 2030 and that are more certain to connect in its baseline (for example, protected projects and projects which have regulatory funding). This means that, depending on choices about the SSEP baseline, using FES-derived

capacities out to 2035 as the basis for connections may result in a degree of divergence between the first SSEP and the connections pipeline. Where this is the case, NESO has confirmed that those projects with Gate 2 contracts in advance of the first SSEP will be maintained. We support this stance. NESO's stance means that if the capacities in the first SSEP are lower than the FES 2035 capacities, this would not result in altered contracts. However, it is a reasonable expectation that SSEP, with a longer time horizon, may have higher overall capacities than the CP2030 Action Plan, for some technologies in some locations. Accordingly, we agree with the approach taken by NESO as it provides confidence in contracts and more certainty for investors and developers with any limited divergence from SSEP manageable (see section 'Assessment of the CNDM against licence objectives: Licence objective 3: facilitate an economic, consistent, efficient, sustainable and coordinated network of CNDM).

3.106 We expect the Strategic Alignment Criteria to be updated, as appropriate, to take into account the first SSEP once it is published (expected in 2026) and when there is further clarity on its scope and once decisions are made about how connections will support the delivery of the SSEP[30] and future strategic energy plans.

3.107 Accordingly, we have concluded that the Gate 2 Criteria Methodology meets this licence objective.

Licence objective 4: take into consideration the readiness of applicants to connect

3.108 The Gate 2 Criteria Methodology plainly takes into consideration the connection readiness of applicants. It introduces the Readiness Criteria, which requires applicants to provide evidence that they have met a minimum stage of development along the pathway to connection, either through the demonstration of land rights (in the majority of cases) or planning requirements.

3.109 This is the licence objective that received the most feedback from respondents to our consultation and is addressed in theme 2 from paragraph 3.29 onwards. Some put forward the view that "land rights", "planning submitted"

[30] Strategic Spatial Energy Planning (SSEP) | National Energy System Operator

and "planning consent" milestones do not accurately determine the readiness or viability of a project. Some extended the same point to planning consent and argued against using planning consent as the basis for protecting projects under Protection Clause 2.

Land rights as a readiness threshold

3.110 In setting a readiness threshold, it is important to strike a balance between a bar that is high enough to show progression, while still considering practical constraints. We note feedback through both NESO's consultation in November 2024 and our consultation in February 2025 that land rights may be too readily achievable; however, we recognise that a higher bar also has downsides.

3.111 Firstly, some developers would need to know where and when they are likely to connect as part of their planning application. Raising the readiness threshold to submission of planning could create a circular situation whereby a developer could either want or need confirmation of the connection point to submit an accurate planning application; and would simultaneously need to submit the planning application to receive a confirmed connection point. This could drive the submission of inaccurate or low-quality planning applications.

3.112 Secondly, an important aspect of the proposed connection process is to provide opportunities for advancement for projects that have flexibility in their development pathways and are capable of meeting a new accelerated date, either at their current point of connection or at an alternative point of connection. The opportunity for acceleration becomes more limited after submitting planning, so land rights as the bar for the majority of projects keeps the option of acceleration more open.

3.113 At the same time, the bar for Readiness should be as close to planning submission as feasible, whilst also being objectively verifiable. Our rationale is set out in paragraph 3.32 onwards, along with our view that land rights are the clearest and objectively verifiable evidence of project progression ahead of submission of the application for planning consent.

3.114 Providing a readiness threshold to enter or remain in the queue is consistent with the CAP objectives and complements previous measures approved to

terminate projects that are not progressing, including CMP376[31] and the Letter of Authority requirement in CMP427.[32] Queue management, in particular, will become an increasingly important tool in the context of a contracted background that has already met Gate 2 Criteria, as it can be used to terminate projects and capacity that can be rapidly reallocated in line with the process contained in the CNDM.

3.115 While the Gate 2 Criteria Methodology sets out the broadly unambiguous Readiness Criteria[33] that applicants must meet to be eligible for a Gate 2 offer, the readiness of applicants is further taken into account in the Strategic Alignment Criterion B, which is applied in conjunction with the approach to queue ordering contained in the CNDM. The Strategic Alignment Criterion B therefore uses planning milestones to order the queue in alignment with the capacity pathways in the Clean Power 2030 Action Plan.

The use of planning consent as a bar for protection

3.116 In addition to introducing the Readiness Criteria, the Gate 2 Criteria Methodology provides certainty and protection to well-advanced projects that, for example, have already received planning consent. In our view, planning consent is one of the most objective indicators with broad applicability that is sufficiently simple to be used as a basis for protection clauses. As discussed in our assessment of stakeholder feedback on protections in theme 1, our view is that achieving planning consents is a stage at which certainty that existing projects can and will progress towards energisation increases, to the extent that protecting an existing project is justifiable.

3.117 As a consequence of using land rights to assess Readiness and planning consent as the basis for protections, the maturity of projects will play a major role in their prioritisation in the proposed connection process. Broadly, through both the application of Readiness Criteria and subsequent queue ordering, projects with planning consent are prioritised over projects that have submitted planning applications, and these are likely to be prioritised over projects with land rights. The role of planning milestones is also taken

[31] CMP376: Inclusion of Queue Management process within the CUSC | National Energy System Operator
[32] CMP427: Update to the Transmission Connection Application Process for Onshore Applicants | National Energy System Operator
[33] The case-by-case route for exceptional planning routes is discuss in paragraph 3.75 – 3.76 in our consideration of licence objective 1

into account in the queue ordering process in CNDM, which is assessed in more detail in the CNDM Methodology Decision.

3.118 As our accompanying Impact Assessment sets out in 'Problem Under Consideration' section, our assessment that the majority of projects with an existing connection agreement, which would not satisfy the Gate 2 Criteria, would be those without land rights, therefore not meeting the basic Readiness Criteria.

3.119 In totality we expect the application of the Gate 2 Criteria and CNDM processes to result in a queue where the most advanced projects receive Gate 2 contracts with dates that reflect their relative maturity, particularly if they are protected or (in a small minority of cases) are designated to address specific system needs.

3.120 Accordingly, we have concluded that the Gate 2 Criteria Methodology meets this licence objective.

Licence objective 5: facilitate a safe and secure electricity supply

3.121 Strategic Alignment Criterion B facilitates the mix of prioritised generation and storage that provides a more efficient and achievable path to CP2030 and an energy mix that facilitates security of supply.

3.122 Only those projects which have shown themselves to be sufficiently ready are eligible for Gate 2 contracts which, overall, gives greater confidence that the right mix to deliver security of supply will be delivered. The application of Readiness and Strategic Alignment Criteria is expected to provide network companies with more confidence that the projects in the queue will progress towards connection or be replaced by other similarly viable and strategically aligned projects. Security of supply is an inherent factor within the CP2030 Action and, taken together with Strategic Alignment Criteria, this gives greater confidence that the right mix to deliver security of supply will be delivered.

3.123 The CP2030 Action Plan sets out a pathway towards deploying low carbon flexible capacity technologies alongside interconnectors, nuclear, and gas generation, which counterbalance intermitted generation and provide more consistent capacity to the grid. Therefore, Criterion B also facilitates security of supply as it reflects the alignment with capacity pathways that account for

secure supply. This objective informed NESO's advice to the Government and is inherent in the capacity mix contained in the Government's Action Plan.

3.124 The Capacity Market is a primary mechanism for ensuring security of supply. Projects holding CM agreements issued in accordance with the Energy Act 2013 can benefit from Strategic Alignment Criterion A. This facilitates security of supply by ensuring that projects with such agreements in place receive Gate 2 terms and are appropriately prioritised in the queue ordering process.

3.125 Criterion C also provides an explicit tool to respond to defined security of supply issues as they emerge. The Project Designation Methodology and our Decision on that Methodology contains more detail on this criterion and how it supports defined energy system needs.

3.126 Accordingly, we have concluded that the Gate 2 Criteria Methodology meets this licence objective.

Compatibility with CMP434 and CMP435 and relevant legal text

3.127 The Methodologies will put in place the connections process required under CMP434 and CMP435.

3.128 CMP434 is forward-looking: it establishes processes for all new applications for connection through putting in place the framework for a first ready and needed, first connected process. This process is enabled by NESO's Methodologies. The processes in the Gate 2 Criteria Methodology, Project Designation Methodology, and CNDM will allow NESO to implement an enduring connections process of the kind envisaged by CMP434.

3.129 CMP435 will set the rules for the 'Gate 2 to Whole Queue' exercise, during which the new Methodologies will be used to filter and reorganise the existing queue. The processes in the Gate 2 Criteria Methodology and CNDM that will allow NESO to implement the 'Gate 2 to Whole Queue' exercise are compatible with the Gated Process for Projects with 'Existing Agreements,' which establishes the requirement for projects in the current queue to meet Connections Criteria.

3.130 While the Gate 2 Criteria Methodology contains Connections Criteria, Strategic Alignment Criterion B (alignment with the capacities in the CP2030 Action Plan) can only be applied with reference to the process contained in the

CNDM. Similarly, Criterion C (designation) can only be applied with reference to the Project Designation Methodology.

3.131 We note that the legal text for CMP435 states that existing agreements "will be *processed* in accordance with the Connections Network Design Methodology and the Project Designation Methodology". The legal text for CMP435 does not expressly refer to the potential role of the CNDM or the Project Designation Methodology in determining whether existing projects have met the Gate 2 Criteria in the first instance but does not preclude the CNDM or the Project Designation Methodology being used to determine whether a project has met the Gate 2 Criteria.

3.132 We are satisfied that the legal text of the CUSC amendment mandated by CMP435 and as approved by Ofgem enables the NESO to use the CNDM or the Project Designation Methodology to determine and process applications by existing agreements for Gate 2 connection offers.

Assessment of the Gate 2 Criteria Methodology against the Authority's Principal Objective and wider statutory duties

3.133 Having reached the conclusion that the Gate 2 Criteria Methodology facilitates achievement of the objectives in our assessment above, we have also assessed whether its approval is in line with our principal objective and statutory duties. A summary of Ofgem's statutory duties can be found in 'Summary Decision Document: TMO4+ Connections Reform Proposals – Code Modifications, Methodologies & Impact Assessment'.

3.134 We consider approval of the Gate 2 Criteria Methodology to be consistent with our principal objective of protecting the interests of consumers (both current and future) which includes, but is not limited to, their interests in the Secretary of State's compliance with the duties in sections 1 and 4(1)(b) of the Climate Change Act 2008 (net zero target for 2050 and five-year carbon budgets) and as their interests in the security and supply of electricity to them.

3.135 The Gate 2 Criteria Methodology facilitates efficient decarbonisation of the energy system by 2030 by setting out criteria that projects need to meet to receive Gate 2 contract terms. The Readiness and Strategic Alignment criteria in the Gate 2 Criteria Methodology provide the basis for implementing a

streamlined queue of projects that are ready and needed in line with the CP2030 Action Plan.

3.136 Applying these criteria will increase the likelihood that projects in the queue will progress towards connection or be replaced by other similarly viable and strategically aligned projects if they do not. This, in turn, is expected to give network companies the confidence to build the strategic enabling works needed to connect what is needed for 2030, as well as accelerate the connection of projects where there is available network capacity, and in turn, enhance security of supply.

3.137 As set out in the accompanying Impact Assessment, alignment with the CP2030 Action Plan is expected to avoid unnecessary overbuilding of the network at additional cost to consumers. This will promote efficiency and economy on the part of licensees. It will also help secure a diverse and long-term energy supply (less reliant on fossil fuels, which will in turn increasingly insulate GB electricity consumers from the future risk of further fossil fuel driven price spikes) and promote economic growth, for example, through more timely connection of demand and strengthened investor signals.

3.138 Accordingly, we have concluded that the approval of the Gate 2 Criteria Methodology is in accordance with our principal objective and other statutory duties.

4. Updates to the Gate 2 Criteria Methodology

Clarification on the CP2030 solar pathway

4.1 As set out in paragraph 3.62 and onwards, NESO and DESNZ revisited the transmission and distribution splits and merging transmission and distribution zones for solar for 2031-35. The result is that the most well-advanced and unprotected solar projects within merged zones are more likely to be eligible for a Gate 2 offer. While not all the oversupply of solar is likely to receive Gate 2 terms due to this amalgamation, the impact of amalgamating transmission and distribution zones is that there is far less likely to be an oversupply of projects with planning submitted following substitution.

Clarification of the BESS and LDES CP2030 pathways

4.2 The CP2030 Action Plan Connections Annex, which contains the capacity pathways referred to in Connections Methodologies, stated that the LDES definitions would be subject to final confirmation and that the Government would confirm its final position in the joint Government-Ofgem LDES Technical Decision Document (TDD) that establishes the criteria for the LDES Cap and Floor scheme.[34] This was referenced in the draft Gate 2 Criteria Methodology submitted to Ofgem on 20 December 2024 as a dependency for both the LDES and BESS pathways, since BESS would be defined as "storage projects which do not meet the definition of LDES, as per the forthcoming LDES Technical Decision Document".

4.3 On 11 March government and Ofgem published the TDD referenced above. Significantly it stated that: "to be considered LDES, an asset must be capable of discharge at full power for at least eight hours, and full power must be at least 50MW or 100MW (depending on technology maturity). In addition, given the large number of lithium-ion batteries already in the connections queue and that the modelling which informed the permitted capacities in the Clean Power 2030 Action Plan did not include lithium ion as LDES, we are clarifying that for the purposes of the Clean Power 2030 Action Plan pathway which will be used for connections, lithium-ion electricity storage projects will be treated as batteries. This does not affect their eligibility for the LDES cap and floor regime, should they otherwise be eligible."

4.4 This statement provides clarity on the definitions for NESO to adhere to when considering both the LDES and BESS capacity pathways and application of Strategic Alignment Criterion B.

4.5 NESO's advice to Government on Clean Power by 2030, which informed the Government's capacity pathways, did not assume lithium-ion batteries in the LDES modelling for that pathway. Accordingly, there are no additional impacts on other projects to account for the first 'Gate 2 to Whole Queue' exercise by applying these definitions.

4.6 Pathway definitions used for the purpose of applying Strategic Alignment Criterion B do not define which projects are eligible for the LDES Cap & Floor

[34] Footnote 16 of Clean Power 2030 Action Plan: A new era of clean electricity: Connections reform annex

scheme. Projects that meet the Cap & Floor scheme criteria and provide the required system benefit are able to compete, irrespective of whether they are defined as a battery or LDES for the purposes of queue formation. Should a battery project not receive Gate 2 terms in the 'Gate 2 to Whole Queue' exercise but be successful under the Cap & Floor scheme for LDES, updated Protection Clause 2b provides a route to a Gate 2 contract in the next CMP434 window.

4.7 Taking this into account, in our view the clarificatory definition and extension of the protection to Cap and Floor bid winners is fair, necessary and allows NESO to adhere to the intention of the CP2030 Action Plan, while making sure that Cap & Floor bid winners have a clear route to inclusion in the queue (consistent with treatment for projects that benefit from similar schemes).

Updates to the Gate 2 Criteria Methodology since 20 December 2024

4.8 Each of the Methodologies follows an approval process for their development, iteration, and amendment as specified in the new licence conditions.

4.9 The introduction of the Methodologies provides the opportunity for NESO to have greater control and flexibility; in turn we expect NESO to monitor and act quickly to address emerging issues, as well as continually assessing how each Methodology can be improved in line with connections reform policy objectives, the new licence objectives relating to the Methodologies, and other relevant statutory duties/objectives.

4.10 Following approval, NESO are required to review the Methodologies at least annually, and to identify any changes that are necessary to ensure that the objectives are met. Ofgem also has power to direct NESO to review Methodologies, if it believes that the objectives are not being met.

4.11 NESO licence conditions 15.3 to 15.10 set out an obligation for NESO to consult on changes to the Methodologies unless otherwise agreed with Ofgem. Following the approval of the Gate 2 Methodology in this Decision, we have recommended NESO makes updates to target specific concerns raised in response to our consultation (see Decision Notice).[35] Thereafter, consultation

[35] In addition to addressing the recommendations included in the Decision Notice, NESO can and should also address consequential updates from the Decision on CMP435 (for example to remove references to the 'pause' in Methodologies) and reflect the update on 7 April 2025 of the CP2030 Connections Annex to merge transmission and distribution zones for solar as set out in paragraph 3.70

will be a necessary part of every annual review and we expect minor updates, unless urgent and agreed with us, to wait until the annual review process. This would mean that while administrative, clarificatory and low impact additions may not require consultation, we expect this housekeeping to wait until the annual review process which would usually require consultation.

4.12 This obligation and expectation would apply following our first approval of each Methodology (see next steps) however, we considered that it was appropriate and beneficial for all stakeholders for NESO to make transparent minor updates to improve Methodologies prior to our Decision.

4.13 Accordingly, on 21 March NESO set out updates to the draft Gate 2 Criteria Methodology following engagement with Ofgem to agree that these updates were necessary and would not require further consultation.

4.14 Most of the updates are minor amendments or the addition of detail to provide stakeholders with more clarity. In a minority of cases, the updates constitute targeted changes relating to policy but where we consider such a change necessary and where the limited scope and impact of the change means that consultation would not be beneficial.

4.15 We have considered the draft Methodology published by NESO on 21 March 2025 in this decision. All changes from the 20 December version were marked up for transparency. Overall, we consider that these updates are necessary, provide further detail on process, and reduce ambiguity.

4.16 While the majority of changes are corrections and clarifications and can be seen marked up in published Methodologies, more notable changes to the Gate 2 Criteria Methodology include:

- Validation of planning – NESO has clarified that submission of planning must be 'validated' to be recognised for protections. This aligns with existing policy and the NESO's consultation response on 20 December 2024, so constitutes an update for the avoidance of doubt.
- Clarification for staged projects – a clarification that projects with stages will need to confirm which stages they are seeking to assert readiness for and provide evidence of readiness as appropriate. For staged or hybrid projects, the updated methodology has also clarified that where one element meets Strategic Alignment Criteria and another does not, the User will receive a

staged offer. These changes avoid ambiguity on outcomes for projects with stages.

- Out of scope list – NESO has added[36] 'run-of-river hydro' and 'geothermal' projects to the list of technologies not in scope of the CP2030 Action Plan following engagement with Government. The capacities and number of these clean power technologies, and therefore the impact of deeming them to meet Strategic Alignment Criteria, is low.
- Defining 'non-GB generation' - we consider that it is helpful to leave no room for interpretation of what is 'non-GB' and agree that this should be directly connected generation outside the UK's Exclusive Economic Zone, i.e. the area of the sea in which the UK has exclusive rights regarding the exploration and use of marine resources, including energy production.
- LDES pathway definition and protection clauses 2b – Following the publication of the Technical Decision Document (TDD) for the LDES Cap and Floor regime, which confirmed the Government's position on the pathway in the CP2030 Action Plan Connections Annex (see section 'Clarification of the BESS and LDES CP2030 pathways' above), NESO has updated the Methodology to reflect that decision. Protection clause 2b has been extended to include the LDES Cap and Floor scheme, as well as interconnector Cap and Floor bid winners. This is consistent with the treatment of other CfD and Cap and Floor schemes and, in our view, it is consistent to extend consistent protection to all successful Cap and Floor bidders. This change will have no impact on the 'Gate 2 to Whole Queue' exercise and limited impact overall.
- Protecting pathfinder projects – These projects seek to deliver consumer benefit. Competition for pathfinders that improve system stability, reduce costs, and improved system resilience is essential in the context of the CP2030 Action Plan and the intention to increase connection of non-synchronous, low carbon, technologies in line with the capacity pathways. Pathfinder projects are few in number and often have low (sometimes no) export capacity. NESO unintentionally omitted protection for these projects. We agree that these projects are essential and should be treated equally to

[36] In the 20 December Gate 2 Criteria Methodology draft: non-GB generation, wave, and tidal were included in the out of scope list

other competitively awarded contracts for the purposes of strategic alignment and queue formation.

5. Decision

Decision Notice

5.1 In accordance with NESO licence condition E15.14(a), the Authority approves the version of the Gate 2 Criteria Methodology published by NESO on 21 March 2025 and in the Appendix to this Decision.

5.2 The Gate 2 Criteria Methodology achieves the objectives in E15.2(b) of the NESO licence. The Authority directs that the Gate 2 Criteria Methodology should come into force following the expiry of the standstill period for the new NESO licence condition E15 on 10 June 2025

5.3 We also recommend two changes for NESO to implement through the Gate 2 Criteria Methodology (and CNDM, as needed). By 30 April 2025, we recommend the following changes are implemented:

- provide assurance to projects eligible for Protection Clause 2a, and which have existing agreements to connect on or before 31 December 2027, that they will retain connection dates and connection points.
- simplify Protection Clause 3 so that projects that (i) submitted planning on or before 20 December 2024 (ii) have no outcome by the closure of the CMP435 application window and (iii) achieve consent after the closure of the CMP435 application window are eligible to receive Gate 2 terms in a future CMP434 window even if this would breach zonal or national permitted capacities.

Jack Presley Abbott
Deputy Director – Strategic Planning and Connections
Signed on behalf of the Authority and authorised for that purpose