# **CUSC - SECTION 18**

# **GATED PROCESS FOR PROJECTS WITH EXISTING AGREEMENTS**

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## **Introduction**

- 18.1. This Section introduces and sets out the process by which (reflecting the changes implemented under CUSC CMP434 in respect of certain new types of applications) Existing Agreements for a Project will be given the status of Gate 1 Existing Agreements or Gate 2 Existing Agreements and amended to align the Existing Agreements for a Project with the approach applied to corresponding agreements in the Gated Application and Offer Process.
- 18.2. This Gated Process for Projects with Existing Agreements will apply from the CMP435 Implementation Date. The Gated Process for Projects with Existing Agreements is a one off exercise to address Existing Agreements. Once given the status of Gate 1 Existing Agreements or Gate 2 Existing Agreements and amended accordingly they will be treated as, as appropriate, Gate 1 Agreements or Gate 2 Agreements in terms of the ongoing processes, rights and obligations in CUSC (as modified on the implementation of CMP434).
- 18.3. The elements of the **Gated Application and Offer Process** will apply during this **Gated Process for Projects with Existing Agreements** where and to the extent expressly referred to in this **Gated Process for Projects with Existing Agreements**.
- 18.4. The **Gated Process for Projects with Existing Agreements** comprises of the following key activities:
  - An EA Request Window for submitting an EA Request (including reduction in Transmission Entry Capacity or Developer Capacity and request for Advancement)
  - Existing Agreements for a Project where a Gate 1 Notification is provided or an EA Request is not made within the EA Request Window will be given the status of Gate 1 Existing Agreements and Gate 1 ATVs issued
  - Assessment of an EA Request (to establish it is Effective)
  - EA Gated Design Process for those Projects who have submitted an EA Request which is Effective (such process will include checks of Readiness Declarations, assessment against Gate 2 Criteria and whether Advancement is available)
  - Existing Agreements for a Project given status of Gate 2 Existing Agreements following the EA Gated Design Process and issue of Gate 2 Modification Offers (including Advancement)

The **EA Timetable** shall be published by **The Company** as soon as practicable and with prior notice of the start date of the **EA Request Window**.

## 18.5. Existing Agreements

Agreements of the following types entered into between **The Company** and the **User** prior to **EA Cut Off Date** where the connection to and/or use of system or right for **Embedded Power Stations** to be **Energised** in each case provided for under these has not yet happened are **Existing Agreements** for the purposes of this Section 18.

- A Bilateral Connection Agreement and the associated Construction Agreement for a New Connection Site (including a Grid Supply Point) with a directly connected User. This includes a Bilateral Connection Agreement and the associated Construction Agreement for a New Connection Site by an owner/operator of a Distribution System where the application is triggered by Embedded Power Stations but not where the application is not triggered by Embedded Power Stations.
- 18.5.2. A **Bilateral Embedded Generation Agreement** and the associated **Construction Agreement** regardless of the size of the **Embedded Power Station**.
- 18.5.3. A **BELLA**
- A Bilateral Connection Agreement for an already connected/operational Project but where there is a variation to that Bilateral Connection Agreement and a Construction Agreement for a live/ongoing Modification (including in the case of Grid Supply Points any such Modification triggered by Embedded Power Stations).
- 18.5.5. A **Bilateral Embedded Generation Agreement** for an already operational **Project** but where there is a variation to that **Bilateral Embedded Generation Agreement** and a **Construction Agreement** for a live/ongoing **Modification**.
- 18.5.6. **A BELLA** for an already operational **Project** but where there is a variation to that **BELLA** for a live/ongoing **Modification**.
- 18.5.7. For the avoidance of doubt, a **Bilateral Connection Agreement** (or **Modification** or variation to it) with an owner/operator of a **Distribution System** and any associated **Construction Agreement** are not **Existing Agreements** where such agreements are not triggered by one or more **Embedded Power Stations**.
- 18.6. In order for the **Existing Agreements** that relate to one or more **Projects** to apply for the status of **Gate 2 Existing Agreements** in respect of such **Projects** a **User** must submit an **EA Request** in respect of the **Existing Agreements** for the applicable **Project** which is **Effective** within the **EA Request Window**.
- 18.7. Where an EA Request is not submitted within the EA Request Window, is not Effective, or a User sends a Gate 1 Notification during the EA Request Window, the Existing Agreements will be given the status of Gate 1 Existing Agreements and The Company will notify the User accordingly as soon as reasonably practicable and in any event prior to the start of the EA Gated

**Design Process** and unless the **User** decides to terminate the **Existing Agreements** for a **Project** (in which case the current provisions regarding **Cancellation Charge** or **Final Sums** will apply) the **Gate 1 ATV** process below will be followed.

## 18.8. **EA Request Process**

- 18.8.1. An **EA Request** can be submitted by a **User** in respect of a **Project** at any time within the **EA Request Window**. An **EA Request** can ask for **Advancement** but other than **Advancement** and as provided for at Paragraph 18.8.6 no other changes to the **Existing Agreements** can be requested through the **EA Request**.
- 18.8.2. An EA Request (other than one which is seeking Advancement or which is in respect of Transitional Agreements) shall be deemed to be a Modification Application but neither a Modification Application nor a fee for a Modification Application is required. In this case, the Readiness Declaration and Original Red Line Boundary (including the Installed Capacity) will constitute the EA Request.
- 18.8.3. An EA Request which is seeking Advancement or an EA Request in respect of Transitional Agreements will require both a Modification Application and a fee for the Modification Application. In this case, the Modification Application, the Readiness Declaration and Original Red Line Boundary (including the Installed Capacity) will constitute the EA Request.
- 18.8.4. To be Effective, an EA Request for Existing Agreements for a Project which has a BEGA and associated Construction Agreement for a Large Power Station or BELLA will also require that the owner/operator of the Distribution System submits an EA Request within the EA Request Window. In such case the corresponding EA Request submitted by a User in the category of the owner/operator of a Distribution System shall take the form of an acknowledgement of the EA Request submitted by the Embedded Power Station (including the request for Advancement and in the case of Advancement will require a Modification Application and fee).
- An EA Request for Existing Agreements for a Project for a Relevant Embedded Power Station must be made by the owner/operator of the Distribution System to which the Relevant Embedded Power Station is to be connected. In such case, the EA Request will include the Readiness Declaration and Original Red Line Boundary (including the Installed Capacity) provided to the owner/operator of the Distribution System by the Relevant Embedded Power Station.
- 18.8.6. An **EA Request** can include notification of a reduction in **Transmission Entry Capacity** or **Developer Capacity** and where it does so such reduction will trigger payment of a **Cancellation Charge** in accordance with **CUSC** Section 15 or **Final Sums**.

- 18.8.7. Where the Existing Agreements for a Project provide for more than one stage of User's Works within that overall Project or more than one technology type in the User's Works within that overall Project or, in the case of new Grid Supply Points or Grid Supply Points which are the subject of a Modification triggered by Embedded Power Stations, the Existing Agreements refer to more than one Relevant Embedded Power Station and/or Embedded Large Power Station Project, the EA Request can be made in part by reference to the specific stage, technology or Embedded Power Station Project and the Existing Agreements amended as required to reflect this.
- 18.8.8. The Company will confirm whether an EA Request is (but always subject to Paragraphs 18.9 and 18.10 below) Effective for the purposes of entering the EA Gated Design Process as soon as reasonably practicable after receipt of the EA Request and in any event prior to the start of the EA Gated Design Process.

## 18.9. Gate 2 Criteria

To be given the status of **Gate 2 Existing Agreements** the **EA Request** must meet the requirements of the **Gate 2 Criteria**.

The **Gate 2 Criteria**, the process of evidencing and confirming that readiness has been met (and what is required of a **User**) in respect of this is set out in the **Gate 2 Criteria Methodology**.

## 18.10. Checking of the Readiness Declaration

- 18.10.1. Although an **EA Request** may be confirmed as **Effective** prior to the start of the **EA Gated Design Process**, during and as soon as reasonably practicable within the **EA Gated Design Process** further detailed checks of the readiness submissions will be undertaken as follows:
  - 18.10.1.1. The Company shall use reasonable endeavours to undertake a more detailed check as set out in the Gate 2 Criteria Methodology on all the Readiness Declarations submitted in respect of Existing Agreements for a Project (other than where the Readiness Declaration is provided for a Relevant Embedded Power Station by the owner/operator of a Distribution System where it is expected that such owner/operator will use reasonable endeavours to undertake this detailed check).
  - 18.10.1.2. Within 15 Business Days of the end of the EA Gated Design Process, The Company will publish on the Website the percentage of detailed checks which have been undertaken under Paragraph 18.10.1.1 as a percentage of the total of EA Requests which were Effective for the purposes of entering that EA Gated Design Process. To

facilitate and enable this, each owner/operator of a **Distribution System** shall within 10 **Business Days** of the end of the **EA Gated Design Process** provide to **The Company** the percentage of detailed checks it has undertaken for the purposes of Paragraph 18.10.1.1 as a percentage of the total of its **EA Requests** that entered the **EA Gated Design Process**.

- 18.10.1.3. The Company shall check the evidence provided in all the Readiness Declarations submitted in respect of Existing Agreements for a Project for duplications and overlaps against any other Readiness Declarations submitted in respect of Existing Agreements for a Project. Where duplications or overlaps are identified in the Original Red Line Boundaries, The Company will contact the relevant parties concerned. In the event that duplications and/or overlaps are identified the process relating to this in the Gate 2 Criteria Methodology will be applied to establish whether in those circumstances any (and if so which) Project has not met the Gate 2 Criteria.
- 18.10.1.4. The **Project** will be assessed against the **Gate 2 Criteria**.
- 18.10.2. Following the above **The Company** will notify the **User** (and in the case where the **Project** is a **Large Power Station**, the owner/operator of the Distribution System) whether the EA Request has fully met the Gate 2 Criteria in respect of Existing Agreements for a Project. If the Gate 2 Criteria has been met The Company will confirm to the User that the Existing Agreements for a Project will be given the status of Gate 2 Existing Agreements. If the Gate 2 Criteria has not been met The **Company** will confirm to the **User** (providing substantiated reasons why) that the **Existing Agreements** for a **Project** will not be given the status of Gate 2 Existing Agreements and will be, as appropriate, given the status of **Gate 1 Existing Agreements**. Such notifications will be given by **The Company** to the **User** as soon as reasonably practicable. Where this is an EA Request by the owner/operator of a Distribution System relating to Existing Agreements relating to more than one Relevant **Embedded Power Station** the notification will confirm which (if any) of the Relevant Embedded Power Stations in the Existing Agreements have met the **Gate 2 Criteria** and only those will be given "Gate 2 Status" and the **Existing Agreements** processed on that basis.

## 18.11. **EA Gated Design Process**

18.11.1. Where a **User** has submitted an **EA Request** in respect of **Existing Agreements** for a **Project** and the **EA Request** meets the **Gate 2 Criteria** the **EA Request** will be processed in accordance with the **Connections Network Design Methodology** and the **Project Designation Methodology**.

- 18.11.2. A **User** which has requested **Advancement** for a **Project** in their **EA Request** will be accommodated where practicable and the **User** notified whether this can be accommodated or not where reasonably practicable prior to the issue of the **Gate 2 Modification Offer**. The **Connections Network Design Methodology** sets out the process for the management of requests for **Advancement**.
- 18.12. Outcome of the Gated Process for Projects with Existing Agreements
- 18.12.1. The outcome of the Gated Process for Projects with Existing Agreements is that the Existing Agreements for a Project are given the status of Gate 1 Existing Agreements or Gate 2 Existing Agreements as appropriate and amended by a Gate 1 ATV or a Gate 2 Modification Offer to reflect this.
- 18.12.2. Until given the status of Gate 1 Existing Agreements or Gate 2 Existing Agreements and, as appropriate, the Gate 1 ATV is entered into or Gate 2 Modification Offer is accepted the Existing Agreements for a Project will continue in accordance with their terms provided that any obligations on The Company to progress the Construction Works (including seeking Consents) in any Existing Agreements for (and in respect of) a Project given the status of Gate 1 Existing Agreements are deemed to have been waived by the User with effect from, as appropriate, the Gate 1 Notification or notification by The Company to the User under Paragraphs 18.7 or 18.10.2.
- 18.12.3. Once the **Gate 1 ATV** is entered into:
  - 18.12.3.1. there will be no longer be any liability for payment of a Cancellation Charge or Final Sums under that Existing Agreement for that Project; and
  - 18.12.3.2. any obligation to provide security under that **Existing Agreement** for that **Project** will cease,

and as a consequence **The Company** shall as soon as reasonably practicable after and in any event within 6 weeks of the **Gate 1 ATV** being entered into, release and return any security arrangement held by **The Company** in respect of the same.

#### 18.13. Gate 1 ATV

18.13.1. Where an **EA Request** was not submitted by a **User** within the **EA Request Window** or it was not **Effective**, a **Gate 1 ATV** for the **Existing Agreements** for that **Project** shall be issued by **The Company** as soon as reasonably practicable after the closure of the **EA Request Window** and in any event prior to the end of the **EA Gated Design Process**.

- 18.13.2. Where a **Gate 1 Notification** has been provided by a **User**, a **Gate 1 ATV** for the **Existing Agreements** for that **Project** shall be issued by **The Company** as soon as reasonably practicable after receipt of the **Gate 1 Notification** and in any event prior to the end of the **EA Gated Design Process**.
- 18.13.3. Where an EA Request was submitted by a User in respect of the Existing Agreements for a Project but the Gate 2 Criteria has not been met, a Gate 1 ATV for the Existing Agreements for that Project shall be issued by The Company as soon as reasonably practicable and in any event prior to the end of the EA Gated Design Process.
- 18.13.4. Where **The Company** is considering **Reservation** in respect of the **Existing Agreements** for a **Project**, **The Company** will advise the **User** as soon as reasonably practicable and in any event prior to the start of the **EA Gated Design Process** of this and that as a consequence the **Gate 1 ATV** may be provided later in the **EA Gated Design Process**, given the design process involved to confirm the **Reservation**. If the **User** is not interested in **Reservation** being considered it can advise **The Company** accordingly at this point otherwise the **Gate 1 ATV** will be progressed on the basis of **Reservation**. **Reservation** will only be provided for in a **Gate 1 ATV** where the **User** has been notified that **The Company** is considering **Reservation** and the **User** has confirmed it is interested in **Reservation**.
- 18.13.5. A **Gate 1 ATV** shall amend the **Existing Agreements** for a **Project** as required to align with the form and content of a **CMP434 Gate 1 Agreement** under the **Gated Application and Offer Process** being to (as appropriate) amongst other things:
  - 18.13.5.1. include the **Gate 1 Conditional Clause**, the effect of which is to make all the rights and obligations under the **Existing Agreements** conditional until a **Gate 2 Offer** is accepted.
  - 18.13.5.2. delete the content of all Appendices in the **Existing Agreements** other than to include a new or (where it already exists) a replacement Appendix in the **Construction Agreement** containing the **User Data/Developer Data**, and the indicative or **Reserved** connection date and location.
  - 18.13.5.3. the connection location and date provided for in the Existing Agreements for a Project will remain as they currently are in the Existing Agreements but are now only provided (unless Reservation is applied) on an indicative basis and the connection date and location will only be confirmed (with all the other details) in any subsequent Gate 2 Offer following a Gate 2 Application under a Gated Application Window and Offer Run.
  - 18.13.5.4. where **Reservation** is included, whilst the rights and obligations remain conditional, the connection date and connection location

- of, as appropriate, the Connection Site or Transmission Interface Site or site of Connection may be provided and identified in the Gate 1 ATV and any Gate 2 Offer will be made on the basis of these subject to a Gate 2 Offer being accepted by the Applicant in the timescales specified in the Gate 1 ATV.
- 18.13.5.5. the particular approach for **Existing Agreements** for a **Project** with owner/operators of **Distribution Systems** where triggered by **Embedded Power Stations** is addressed at Paragraph 18.16 below.
- 18.13.5.6. in the case of Existing Agreements for a Project where the User's Works are staged or the Existing Agreements provide for more than one technology type in the User's Works, and the EA Request is not submitted in respect of all of these and/or not all stages or technology types meet the Gate 2 Criteria the Existing Agreements for a Project will be adapted to reflect and achieve the intent of the Gate 1 Conditional Clause by reference to those stages/technology types that do not meet the Gate 2 Criteria and to provide the equivalent of a Gate 2 Agreement for those that do.
- 18.13.5.7. introduction of **Original Red Line Boundary Reduction Clause.**
- 18.13.6. The Variations Clause in the Existing Agreements requires The Company and the User to effect any amendment required to the Existing Agreements by the Authority as a result of a change in the CUSC. The changes proposed in the Gate 1 ATV are to implement the changes to Existing Agreements as a consequence of and to align with the implementation of CMP435.
- 18.13.7. The **Gate 1 ATV** should be signed and returned to **The Company** within the period as notified by **The Company** being not less than 4 weeks from issue or such later period as may be agreed between **The Company** and the **User** and if not signed and returned in this time period **The Company** will as provided for in the **Variations Clause** (and having first engaged with the **User**) sign on the **User's** behalf.
- 18.13.8. **Existing Agreements** given the status of **Gate 1 Existing Agreements** do not have to provide a **Letter of Authority** or **Letter of Acknowledgement.**
- 18.14. **Gate 2 Modification Offer**
- 18.14.1. Where the Existing Agreements for a Project have been given the status of Gate 2 Existing Agreements, a Gate 2 Modification Offer shall be provided by The Company in respect of the Existing Agreements for a Project within the timescales specified for this in the EA Timetable.
- 18.14.2. A **Gate 2 Modification Offer** shall amend the **Existing Agreements** for a **Project** as required to align with the form and content of a **CMP434 Gate 2**

- **Agreement** under the **Gated Application and Offer Process** being to amongst other things:
- 18.14.2.1. provide for any changes to the **Existing Agreements** for a **Project** to reflect **Advancement** (including and notwithstanding **CUSC** Section 16 which does not provide for **User Progression Milestone** dates to be brought forward, any changes to advance the **User Progression Milestone** dates to reflect the **Advancement**);
- 18.14.2.2. update Appendix Q (Queue Management Process User Progression Milestones) to reflect the change in approach to the calculation of the **User Progression Milestone** date for M1 and add a new Appendix for User Data/Developer Data or update (if it exists) to include the **Installed Capacity** data;
- 18.14.2.3. provide for any changes to the Existing Agreements for a Project including Connection Site or Site of Connection, Construction Programme and Construction Works and changes as a consequence of this to reflect the outcome of the EA Gated Design Process.
- 18.14.3. A **Gate 2 Modification Offer** shall remain open for acceptance in accordance with **CUSC** Paragraph 6.9.
- 18.14.4. If a Gate 2 Modification Offer is not accepted by a User The Company will notify the User that the status given to the Existing Agreements for that Project has been changed to Gate 1 Existing Agreements and that a Gate 1 ATV will be issued by The Company to the User as soon as reasonably practicable and the provisions of Paragraph 18.13 above will apply.
- 18.15. Any dispute between **The Company** and the **User** as to whether the **EA Request** is **Effective** and/or the **Gate 2 Criteria** has been met shall be treated as an **Other Dispute** in accordance with **CUSC** Section 7.
- 18.16. Additional clarity on approach on Existing Agreements for a Project which has been triggered by Embedded Power Stations
- 18.16.1. This section is intended to clarify the position on what is to happen with the Existing Agreements for a Project with the owner/operator of a Distribution System which are triggered by Embedded Power Stations and the Existing Agreements for a Project with the Embedded Power Stations:
  - 18.16.1.1. for **Relevant Embedded Power Stations** (where there is no **BEGA**) the **Existing Agreements** for a **Project** are only with the owner/operator of the **Distribution System** and the **Existing**

**Agreements** can provide for one or more **Relevant Embedded Power Stations**:

18.16.1.2. for Embedded Power Stations (where there is a BEGA or BELLA) there are two sets of Existing Agreements for a Project, one set with the owner/operator of the Distribution System and one set with the owner/operator of the Embedded Power Station so the effect of this Gated Process for Projects with Existing Agreements on both sets of Existing Agreements has to be determined.

The effect on the Existing Agreements for a Project in the circumstances where: a Gate 1 Notification is submitted within the EA Request Window by a Large Embedded Power Station, an EA Request is not submitted within the EA Request Window, the EA Request is not Effective or the Gate 2 Criteria is not met (and in the case where the Existing Agreements provide for more than one Embedded Power Station) is not the same for all the Embedded Power Stations.

- 18.16.2. As a consequence in the circumstances referred to in Paragraph 18.16.1:
  - 18.16.2.1. in the case of Existing Agreements for a Project of the type at Paragraph 18.16.1.1 and save for Existing Agreements as provided for in Paragraph 18.16.2.3, the Existing Agreements for that Project will be treated, as agreed between The Company and the User as having either been terminated by the User or changed to be the equivalent of a Gate 1 Agreement. The termination or change to being the equivalent of a Gate 1 Agreement will be effective on, as appropriate, the day after (a) the closure of the EA Request Window or (b) notification that the Gate 2 Criteria has not been met under Paragraph 18.10.2. Such termination of or change in the Existing Agreements will not trigger payment of a Cancellation Charge in accordance with CUSC Section 15;
  - 18.16.2.2. in the case of Existing Agreements for a Project of the type at Paragraph 18.16.1.2 but where the Relevant Embedded Power Station has a BEGA, the BEGA will also be treated, as agreed between The Company and the User, as having either been terminated by the User or changed to be the equivalent of a Gate 1 Agreement in the same circumstances and on the same basis as at Paragraph 18.16.2.1 above;
  - 18.16.2.3. in the case of Existing Agreements for a Project of the type at Paragraph 18.16.1.1 where the Existing Agreements for a Project provide for more than one Relevant Embedded Power Station and/or Embedded Large Power Station but not all meet the Gate 2 Criteria, the Existing Agreements for a Project will be amended as required through the Gate 2 Modification Offer so as to remove any reference to any

Relevant Embedded Power Station and/or Embedded Large Power Station for which an EA Request has not been made, an EA Request is not Effective or which do not meet the Gate 2 Criteria. Such amendment will not trigger payment of a Cancellation Charge in accordance with CUSC Section 15;

- 18.16.2.4. in the case of Existing Agreements for a Project of the type at Paragraph 18.16.1.2 (where the BEGA is with a Large Embedded Power Station) (a) the BEGA or BELLA will be offered a Gate 1 ATV and (b) the Existing Agreements with the owner/operator of the Distribution System will be treated, as agreed between The Company and the User, as having either been terminated by the User or changed to be the equivalent of a Gate 1 Agreement in the same circumstances and on the same basis as at Paragraph 18.16.2.1.
- 18.16.3. In the case of **Existing Agreements** for a **Project** of the type at Paragraph 18.16.1.2 in order to receive a **Gate 2 Modification Offer** and be given the status of **Gate 2 Existing Agreements**:
  - 18.16.3.1. where the **BEGA** is with a **Relevant Embedded Power Station**, both the **User** with the **BEGA** and the owner/operator of the **Distribution System** will be offered and must accept the respective **Gate 2 Modification Offer**. Unless both **Gate 2 Modification Offers** are accepted, Paragraph 18.16.2.1 and 18.16.2 will apply;
  - 18.16.3.2. where the BEGA is with a Large Embedded Power Station or there is a BELLA, (a) an EA Request must be made by both the party with the BEGA or BELLA and the owner/operator of the Distribution System (b) both these EA Requests must be Effective and the Project must meet the Gate 2 Criteria and (c) both the User with the BEGA or BELLA and the owner/operator of the Distribution System must accept the respective Gate 2 Modification Offer. Unless both Gate 2 Modification Offers are accepted, Paragraph 18.16.2.4 will apply.
- 18.16.4. A Large Embedded Power Station with a BEGA or BELLA should notify the owner/of the Distribution System as soon as reasonably practicable of its intention to make an EA Request and whether it is seeking Advancement.

**END OF SECTION 18**