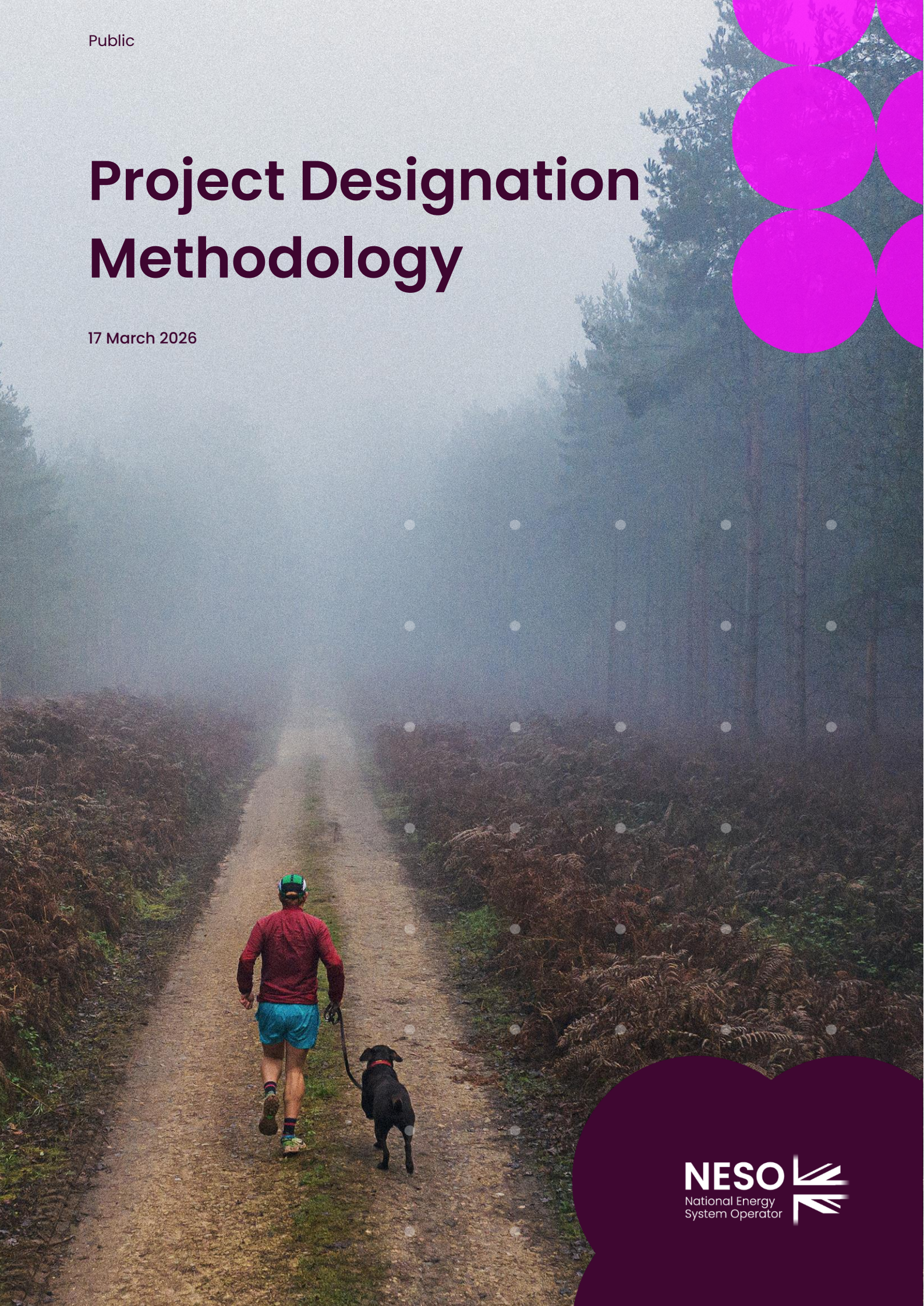
Public

Project Designation Methodology

17 March 2026



NESO
National Energy System Operator

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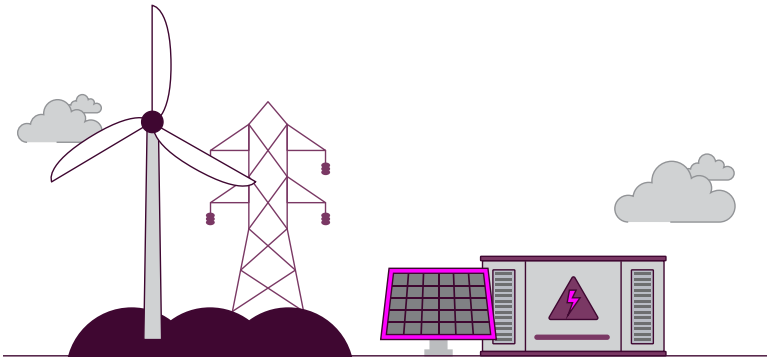

How to read this document

Welcome to the ~~our~~ *Project Designation Methodology* ~~document~~. This document explains how NESO will designate projects~~,~~ under the reformed electricity transmission connections process, based on the criteria outlined in this document.

This document will be reviewed and updated in line with the relevant NESO licence conditions.

This Methodology will be applied under the reformed connections process introduced into the CUSC as a result of CMP434 and should~~needs to~~ be read in the context of th~~o~~ese processes. CMP434 sets out the enduring process for applications and offers in Section 17 of the CUSC.

~~Please note,~~ Any~~any~~ reference to Distribution Network Operators (DNOs) within this document refers to both DNOs and Transmission~~-~~-Connected Independent Distribution Network Operators (IDNOs).

1. Introduction

This section provides an overview of the *Project Designation Methodology*.

1.1 Purpose of this document

1.1.1 The purpose of the *Project Designation Methodology* is to explain how projects will be designated by NESO within the reformed electricity transmission connections process. This document should be read alongside the other connections methodologies: the *Gate 2 Criteria Methodology* and the *Connections Network Design Methodology* (CNDM)~~, and the overarching strategic narrative document~~.

1.1.2 Designated projects can:

- be included within the connections queue (providing they meet the Gate 2 Readiness Criteria[1])~~; and~~
- ~~By~~ be 'prioritised for queue position within a Gate 2 assessment process'. By this we mean that they could have priority access to available capacity or~~/~~ earlier connection dates compared with~~to~~ other projects in that Gate 2 ~~tranche~~ Tranche by placing them higher up the queue for network design purposes than those in the queue that~~which~~ are not designated~~)~~. In addition, designated projects with a Gate 2 agreement may be eligible for ~~acceleration~~ an improved connection via the 'capacity reallocation' process ~~post Gate 2 should another project exit and the capacity can be reallocated~~. The CNDM sets out how these processes will work in practice.

1.1.3 NESO considers that a project designation process is necessary to ensure that projects that are critical to security of supply and/or operability, demonstrate significant wider economic and consumer value ~~additional consumer, net zero~~, and/or provide other benefits to the Great Britain (GB) energy system and energy consumers, are~~should be~~ capable of being included within the reformed connections queue and/or ~~of being accelerated~~receiving an improved connection under the reformed connections process~~,~~ due to the significant associated benefits ~~that~~ they can provide to GB consumers.

1.1.4 This methodology will be followed by NESO when ~~as we~~ assessing any applications ~~to us~~ for projects to be designated for connection to, or use of, GB's electricity transmission system.

1.1.5 In addition to projects NESO considers should be designated, the UK Government can also identify specific demand projects which it considers to have strategic national importance, through a direction to NESO. These projects will be treated as though they had been designated by NESO.

1 Designated projects are defined as meeting Strategic Alignment criterion (c) of the Gate 2 Criteria.

1.1.6 However, the developers of these projects will not apply to NESO in order for NESO to make the decision on whether to include these. The UK Government will have its own decision-making process to establish which demand projects should benefit from designation and will publish details of these projects, which will then automatically fall to NESO to treat as designated. This methodology primarily relates to projects which apply to NESO, and NESO decision making. However, it also includes a category of demand projects which have been identified by the UK Government.

~~1.1.4~~

~~1.1.5~~1.1.7 This methodology has been developed in line with licence condition E17.8, which requires NESO to maintain ~~to maintain~~ in force a Project Designation Methodology. This methodology will be reviewed ~~on an~~ at least ~~an~~ annually ~~basis~~ (E17.11).

1.2 Overview of the Methodology

1.2.1 This Methodology:

- Explains the reasons projects could be designated.
- Sets out the criteria to be used by NESO to assess whether individual projects should be designated.
- Sets out the process by which NESO will designate projects that apply to NESO, including communication of decisions NESO makes.
- Explains that the UK Government can identify strategic demand projects which will be treated as though they had been designated by NESO.

1.3 What other policy and publications does this methodology refer to?

1.3.1 The ~~below table~~table below provides links to related publications and policy documents ~~which are~~ referenced within this document.

Existing Policy	Description
Gate 2 Criteria Methodology	The *Gate 2 Criteria Methodology* sets out the two parts of the Gate 2 Criteria~~,~~: the Gate 2 Readiness Criteria and the Gate 2 Strategic Alignment Criteria. It also explains how Users evidence that they have met the Gate 2 Readiness Criteria~~,~~ and how this~~such~~ evidence is assessed.
Connections Network Design Methodology (CNDM)	The *Connections Network Design Methodology* (CNDM) describes how relevant generation and demand connections will be assessed and strategically designed in alignment with wider network planning activities.

Clean Power 2030 Report	NESO has provided advice to the UK Government on achieving cClean pPower by 2030 via our *Clean Power 2030 Report*.
Clean Power 2030 Action Plan	The Clean Power 2030 Action Plan: A new era of clean electricity (December 2024) builds on ~~the~~ advice from NESO, setting out the UK Government's view of the requirements for cClean pPower by 2030 and the steps needed to achieve it~~get there~~.

2. Identifying Pprojects Tthat Ccan Bbe Ddesignated

2.1 The categories of projects that can be designated

2.1.1 NESO considers that the following categories of projects are most likely to provide significant additional net zero, and/or other benefits to the GB Energy system and energy consumers. NESO therefore only intends to designate individual projects that fall within one or more of the below categories:

a) Projects that are critical to Security of Supply;
b) Projects that are critical to System Operation;
c) Projects that materially reduce system and/or network constraints;
d) Projects that are new technologies and/or highly innovative, that are not included within the scope of Government's Clean Power 2030 Action Plan (CP30 Action Plan) or do not correspond with a technology that has been deemed by NESO to have met the strategic alignment criteria[2]; and/or
e) Projects with very long lead times (i.e. long design, consenting and construction periods) that may be needed beyond the 2035 capacities within the CP30 Action Plan.
e)f) Demand Projects identified by the UK Government.

2.1.2 Note that projects that fall under NESO's Network Services Procurement (previously referred to as Pathfinders) are likely to initially go through the 'bay or/ capacity reservation' process outlined in *CMP434 Implementing Connections Reform*. Once the outcome of the competition or/ auction is known, then those projects could then also be able to be designated, subject to meeting the relevant criteria, so as to ensure they can provide the necessary services when needed.

2.1.2

2.1.3 INote, in future, Competitively Appointed Transmission Owner (CATO) and co-ordinatedcoordinated offshore network design arrangements may also be incorporated into future versions of this methodology and would likely go through the same process as Network Services Procurement.

2.1.4 This methodology applies to any project in scope of the reformed process for connection to or use of GB's electricity transmission system, i.e. any projects in the current queue, or in future in the reformed queue (including new applicants) can be considered for designation. A User seeking designation must make a formal application to NESO for their

2 For clarity, we refer here to Strategic Alignment Criterion (d) and the specific technologies that are deemed to have met the Sstrategic alignment Alignment Criterion (d) element of the Gate 2 criteria are: wave, tidal, non-GB generation, run-of-river hydro, geothermal power, reactive compensation and transmission-connected demand.

project to be designated via the process set out within this document or have been specifically identified by the UK Government.

2.1.5 ~~2.1.5.~~ The following chapters set out more information on:

- w~~W~~hat is meant by each of the terms referred to in the categories above
- t~~T~~he key characteristics that a designated project should demonstrate~~; and~~
- t~~T~~he circumstances under which NESO would designate a project, or projects, in each of the categories above~~.~~

2.2 Project Designation Criteria

2.2.1 In order to determine whether a specific project, or projects, should be designated, NESO will assess projects against the following criteria, which vary depending on the designation category. A designated project needs to meet at least one of the categories of projects and the associated criteria within this section.

2.2.2 For categories A to C ('critical to security of supply', 'critical to system operation' and 'materially reduce system -and/or network constraints'), NESO will publish a Notice when it considers that projects in these categories are needed. As part of issuing any Notice, NESO will set out the nature of the security of supply issues, system operation issues or system constraints, and the characteristics and services NESO seeks from projects to address th~~e~~ese. In the relevant published Notice, NESO will also clearly specify the criteria against which it will assess applications. NESO would then invite projects to apply ~~to NESO,~~ in response to that Notice, ~~to~~ setting out how they demonstrate those characteristics and can provide those services to address the identified~~ese~~ issues or constraints. NESO will not consider applications for designation in categories A to C unless it has issued an associated Notice.

2.2.3 For categories D and E ('new technologies and / or highly innovative' and 'very long lead times') Users can make designation applications at any point (i.e. not requiring a Notice from NESO). NESO will assess projects against the criteria outlined in the following pages. For Category F projects, the UK Government will publish details of the projects NESO should treat as designated projects and why it considers them to be in scope of a Government-designated plan or strategy.

2.2.4 In assessing projects against the criteria, NESO will review the clarity and robustness of the information provided by the User to determine whether it provides a high level of confidence that the project meets the relevant criteria.

2.2.5 NESO only envisages designating projects in exceptional circumstances~~,~~ where those projects demonstrate that they meet the detailed criteria set out~~referred to~~ in this *Project Designation Methodology*.

A. Critical to s~~S~~ecurity of s~~S~~upply

2.2.6 NESO will clearly specify criteria in the relevant published Notice. However, NESO will only designate a project, or projects, under the 'critical to security of supply' category if:

- NESO assesses that the combination of connected capacity and projects due to connect represents a material risk to NESO's security of supply objective being met efficiently and economically within a given year~~; and~~
- NESO identifies that connecting a project, or projects, before that given year would materially mitigate the above risk and/or ~~would~~ deliver material benefits to GB consumers in relation to th~~e~~at risk.

B. Critical to system operation

2.2.7 NESO will clearly specify criteria in the relevant published Notice. However, NESO will only designate a project under the 'critical to system operation' category if:

- w~~W~~ithout such project, NESO assesses that the combination of connected capacity and other connections represents a material risk to NESO maintaining the safe, reliable~~,~~ and efficient operation of the electricity transmission system within a given year~~; and~~
- NESO identifies that connecting such a project would materially mitigate the above risk and/or ~~would~~ deliver material benefits to GB consumers in relation to th~~e~~at risk.

C. Materially reduce system and/or network constraints~~:~~

2.2.8 NESO will clearly specify criteria in the relevant published Notice. However, NESO will only designate a project under the 'materially reduce system and/or network constraints' category if:

- NESO assesses that the combination of connected capacity and projects due to connect represents a material risk to NESO's management of constraints on the transmission system and/or network, risking significant additional costs within a given year~~; and~~
- NESO identifies that connecting a project before that given year would materially mitigate the above risk and/or ~~would~~ deliver material benefits to GB consumers in relation to th~~e~~at risk.

D. New technologies and/or highly innovative

2.2.9 NESO will only designate a project under the 'new technologies and/or highly innovative' category if that project would deliver benefits to consumers and either:

- does not correspond with a technology ~~that has been~~ specified within the UK g~~G~~overnment's CP30 Action Plan or does not correspond with a technology that ~~has been deemed by NESO to have met~~meets ~~the s~~Strategic ~~alignment~~ Alignment ~~criteria~~Criterion (d)[3]~~; or~~

3 For clarity, the specific technologies that are deemed to have met ~~the s~~Strategic ~~alignment~~ Alignment ~~element~~ Criterion (d) of the Gate 2 C~~c~~riteria are: wave, tidal, non-GB generation, run-of-river hydro, geothermal power, reactive compensation and transmission-connected demand.

- is within a technology~~,~~ (for example~~e.g.~~ 'solar' or 'nuclear') ~~that has been~~ specified within the CP30 Action Plan but is a novel sub-type that~~which~~ has been successfully developed and demonstrated, is considered commercially viable and would provide benefits for GB consumers~~.~~

~~2.2.10.~~ As part of considering how a project performs against this criterion, we will consider whether the technology or project can be considered as having met the definition of technology readiness level eight or nine[4]. NESO will consider projects that have attained Queue Management M2 or M7[5] as an alternative to technology readiness level eight or nine. Projects will still need to demonstrate project readiness when they make their Gate 2 application.

E. Projects with ~~'~~v~~V~~ery long lead times~~'~~

2.2.10 NESO will only designate a project under the 'very long lead times' category if that project provides robust evidence of a very long lead time, ~~and~~ specifically a lead time for commissioning and operation beyond 2035, along with evidence:

- that its development timelines are in line with industry best practice~~; and~~
- that the project delivers benefits to consumers~~.~~

(N.B. If NESO~~we~~ designate~~s~~ any projects under ~~against~~ this category, any connection date offered will not be before the end of 2035.)

F. UK Government identified projects

2.2.11 NESO will treat demand projects identified by the UK Government as strategic as though they had been designated by NESO. The UK Government will publish details of those demand projects it considers strategic and which it expects NESO to treat as designated.

~~2.2.11~~ ~~2.2.112. demand projects identified by Government as though they had been designated by NESO. identifying these projects~~

4 ~~https://www.ukri.org/wp-content/uploads/2022/01/EPSRC-11012022-Technologyreadinesslevelsfrombasicresearchtoadoptionanddiffusion.pdf Eligibility of technology readiness levels (TRL) – UKRI~~We are using the UK Research and Innovation Technology Readiness Level definitions.

5 Where we refer to Queue Management Milestones, the requirements of that milestone (in accordance with the relevant published guidance) also apply to projects that do not have contracted milestones. For example, where 'M2' is referred to, an applicant would need to provide evidence that it has met 'M2' as part of the project designation application process.

3. Key Ceharacteristics of Ceategories of Pprojects Tthat Ccan Bbe Ddesignated

3.1 Introduction

3.1.1 The characteristics that are set out in Section 3 are intended to frame the designation criteria and provide background information on the categories of projects covered by the *Project Designation Methodology*.

3.1.2 These characteristics are therefore not assessment criteria. Aligning with these characteristics does not mean that a User has met the designation criteria. NESO's will assess each designation application against the relevant criteria referred to in Section 2.2.

3.1.3 This section does not describe the characteristics of Category F: UK Government identified demand projects, which will be set out separately.

3.2 Critical to sSecurity of sSupply

3.2.1 Under Section 163 of the Energy Act 2023 ~~Section 163~~, NESO has a duty to promote the ~~"~~security of supply~~"~~ objective, that is, ~~i.e.~~ "ensuring the security of supply to existing and future consumers, of:

- electricity conveyed by distribution systems or transmission systems, and
- gas conveyed through pipes."

3.2.2 As the UK's energy is increasingly supplied from many different locations, NESO needs to consider multiple factors that could affect the supply in the future. An understanding of these factors informs the~~what~~ actions ~~are~~ necessary to ensure security of supply. NESO seeks to provide~~enable~~ a foundation for a stable, reliable~~,~~ and secure energy system through an integrated and ~~co-ordinated~~coordinated approach to ensure ~~our~~ energy supply needs can be met securely ~~met~~.

3.2.3 NESO currently views security of supply in terms of '~~"~~adequacy'~~"~~, that is,~~i.e.~~ the ability to meet demand. Under the *Reliability Standard Methodology* (July 2013), NESO must maintain a reliability standard of less than three~~3~~ hours Loss of Load Expectation~~, which.~~ This represents the number of hours/periods per year~~annum~~ in which, over the long ~~-~~ term, it is statistically expected that supply will not meet demand. As certain technologies have different d~~D~~e-rated capacity[6], some~~this means that certain~~

6 The de-rated capacity can be defined for a particular plant or technology as reflecting the proportion of capacity which can be regarded as firm, on average, across a stress period. To note, de-rating is not just about technical availability, but in the case of storage will be dependent on its duration.

technologies provide stronger ~~better~~ contributions to security of supply~~. For example, based on this definition, gas plants will contribute more to security of supply than solar, and this will have consequential impacts to the network reinforcements~~.

3.2.4 Whil~~est~~ the UK has demonstrated consistent success in ensuring secure electricity supplies and is expected to continue this trend in the future, there may be instances where it is necessary to designate projects as being critical to meeting the security of supply objective~~,~~. This is particularly relevant as~~particularly as there is an anticipation that there will be a significant increase in~~ peak electricity demand is expected to increase significantly by 2035. At the same time, the energy transition is leading to a different mix of technology types ~~being~~ connecti~~ed~~ng to the network, providing differen~~ing~~t levels of efficiency in the services they provide (for example~~e.g.~~ the addition of significant new volumes of wind, solar and short-duration storage, and reductions in volumes of unabated gas). Therefore, there may be a requirement to utilise NESO designation under the criteria of s~~S~~ecurity of s~~S~~upply to address these changes efficiently and economically and ensure ~~that~~ there is sufficient electricity to handle fluctuations in demand and supply ~~efficiently~~ year on year.

3.2.5 Particular types of storage, particularly longer duration storage, may also be of value based on a combination of MW and MWh (or alternatively MW and duration) as ~~we connect~~ a higher proportion of weather-dependent renewables connect to the system. Another consideration might be combined renewables (usually solar) and storage (usually battery) projects. The contribution to s~~S~~ecurity of s~~S~~upply of, for example, a 50 MW solar farm and a 50 MW four-~~4~~ hour battery would be higher than the battery or solar operati~~ng~~~~on~~ alone, and they might be able to share a 50 MW connection.

3.2.6 Projects that hold a Capacity Market contract will be 'protected' via CNDM rather than designated. If there is a need for other projects to support future capacity markets where~~under which~~ designation could provide~~an~~ support, NESO will issue a Notice ~~to~~ invitin~~g~~e parties to apply.

3.3 Critical to s~~S~~ystem o~~O~~peration

3.3.1 "~~"~~Critical to system operation"~~"~~ within the context of the ~~Great Britain (~~GB~~)~~ electricity system~~grid~~ refers to assets, functions~~,~~ and entities essential for maintaining the safe, reliable~~,~~ and efficient operation of the electricity transmission and distribution system. These critical components ensure the continuous balancing of supply and demand, the stability of the grid~~,~~ and the prevention of blackouts or system failures, which could have widespread economic and social impacts.

3.3.2 In GB, the electricity system follows operational standards outlined in the Grid Code and the Security and Quality of Supply Standard (SQSS), legally binding documents that govern the planning, operation~~,~~ and connection to the high-voltage transmission network. (F~~f~~or clarity, Transmission Owners (TOs) are not required to comply with the Grid

Code, whilest generators and DNOs are not required to comply with the SQSS). Key elements that may be deemed "critical to system operation" include:

- **Transmission and Distribution Networks –:** The high-voltage transmission network, managed by TOs and operated by NESO, and the regional distribution networks, managed and operated by Distribution Network Operators (DNOs), are critical for delivering electricity across GB. The SQSS outlines the minimum standards for network reliability and security.
- **Control Systems and Communication Infrastructure –:** The real-time monitoring and control of the grid rely on advanced supervisory control and data acquisition (SCADA) systems, communication networks, and data flows. These enable NESO to balance generation and demand, respond to system disturbances, and ensure compliance with licenses.
- **Balancing Services –:** Assets contracted to deliver frequency response, voltage control, restoration and stability services, among others, necessary to support system operability. These services are provided through mandatory requirements of the Grid Code, through markets, or under contracts and are essential for maintaining a safe and secure electricity system.
- **Cybersecurity and Physical Security –:** The increasing digitalisation of grid operations makes cybersecurity critical. The Network and Information Systems (NIS) Regulations 2018 require ~~mandate that~~ essential service providers, including~~like~~ NESO and DNOs, to implement robust security measures to protect against cyber-attacks.

3.3.3 The information provided in Section 3.3.2 describes ~~encompasses~~ the assets, services, and infrastructure necessary for the reliable functioning of the GB electricity system. These components must adhere to legal and regulatory requirements set by Ofgem, government policies, and relevant codes such as~~like~~ the Grid Code and SQSS. Their failure or compromise could jeopardise national energy security and the ability to maintain electricity supply to consumers.

3.3.4 More specifically in relation to connections, 'critical to system operation' reflects meeting the overarching requirements of operability for maintaining the safe, reliable, and efficient operation of the electricity transmission and distribution system. This includes projects and/or services that ensure the continuous balancing of supply and demand, the stability of the grid, and the prevention of blackouts or system failures, which could have widespread economic and social impacts.

3.3.5 Projects that hold a commercial contract to deliver Network Services (for example stability or voltage services) and are seeking to connect could be eligible for designation under the 'system operation' category. This includes, but is not limited to, those that would connect to a bay reserved by NESO under System Operator Transmission Code Procedures (STCP) 16.1.

3.4 Materially reduce system and/or network constraints

3.4.1 Constraint management is required where the electricity transmission system is unable to transmit power to the location where that power is needed~~,~~ due to congestion at one or more parts of the transmission network. If the transmission system is unable to transport electricity in the way required, NESO will take actions in the market to increase or ~~and/or~~ decrease the amount of electricity at different locations on the network. Example situations include:

- i~~I~~mport –~~ The~~ energy demand cannot be met by localised generation and the flow on the circuits into that area is limited by the capacity of the circuits~~;~~
- e~~E~~xport – ~~The~~ generation in the area is not offset by ~~the~~ localised demand and the flow on the circuits out of the area is limited by the capacity of the circuits~~.~~

3.4.2 Therefore, there may be a need to designate certain projects that can materially reduce system and/or network constraints to:

- ensure that ~~there are~~ providers are in place who can offer ~~the~~ services to do this (for example~~e.g.~~ local constraint management services or demand reduction) readily and economically, avoiding the need for materially more expensive or~~/~~ less efficient solutions, that is~~i.e.~~ leading to materially lower balancing costs
- materially reduce or even avoid the need for material network or~~and/or~~ wider system investment (that is ~~i.e.~~ avoid or ~~/~~materially reduce network costs).

3.5 New technologies and/or highly innovative projects that are not included within the scope of the UK Government's CP30 Action Plan

3.5.1 The C~~c~~onnections R~~r~~eform annex to the CP30 Action Plan published by the UK Government state~~sets out~~:

> "This annex provides a detailed breakdown of the Clean Power Action Plan pathway and capacity ranges, for the purposes of aligning the NESO-led process of connection reform with 2030 Clean Power.
>
> This includes GB-level capacity ranges, informed by NESO's 2030 advice and in line with the government's 2030 pathway for most generation technologies, and regional breakdowns for onshore wind (ONW), solar, and batteries. We have also set out technology capacity ranges to 2035 to provide a 10-year horizon for connection offers. These are mainly derived from NESO's net zero-aligned 2035 *Future Energy Scenarios* (FES) 2024, with a bespoke approach for onshore wind and unabated gas.
>
> For technologies not included within the pathways set out below, or generation connecting from outside GB, NESO should separately consider the correct route through the connections process to facilitate timely connections for these projects,

as appropriate. Further, the capacity range only applies to projects which need to complete Transmission Impact Assessments, subject to specific network operators' rules."

3.5.2 Within our *Gate 2 Criteria Methodology* and the CNDM we have clarified that: projects in the following technologies are out of scope of the CP30 Action Plan and are deemed to meet Strategic Alignment Criterion (d) of the Gate 2 Criteria: wave, tidal, non-GB generation, run-of-river hydro, geothermal power, reactive compensation and transmission-connected demand. As such projects in those technologies are deemed to have met the strategic alignment element of the Gate 2 criteria. Projects in those technologies would, however, be required to demonstrate that they have met the 'readiness' element of the Gate 2 criteria Criteria in order to be eligible for a Gate 2 contractOffer.

3.5.3 Projects in the above technologies do not, therefore, require designation in order to enter the reformed connections queue and are not eligible to apply for designation under this category (Ceategory D). For the avoidance of doubt, projects in the above technologies can, however, seek designation (for acceleration improvement of connection purposes) under categories A, B, C or E set out within this document.

3.5.4 The following types of projectprojects can seek designation under Ceategory D:

1. tThose that do not correspond with a technology that has been specified within the UK gGovernment's CP30 Action Plan or do not correspond with a technology out of scope of the CP30 Action Plan that has been deemed by NESO to have metmeets the sStrategic alignment Alignment criteriaCriterion (d); and/or
2. those that are within a technology, (for examplee.g. 'solar' or 'nuclear') that has been specified within the UK gGovernment's CP30 Action Plan but representis a novel sub-type thatwhich has been successfully developed and demonstrated, is considered commercially viable and would provide benefits for GB consumers.

3.6 Very long lead time (that isi.e. long design, consenting and construction periods) projects that may be needed beyond the 2035 capacities within the CP30 Action Plan

3.6.1 The Ceonnections Rreform annex to the CP30 Action Plan published by the UK Government statesets out:

"We have also set out technology capacity ranges to 2035 to provide a 10-year horizon for connection offers. These are mainly derived from NESO's net zero-aligned 2035 *Future Energy Scenarios (FES) 2024*, with a bespoke approach for onshore wind and unabated gas."

3.6.2 The 10-year time horizon for the 2035 capacities should beprove sufficient to cover the development period for most, if not all, projects that meet the readiness element of the

Gate 2 Ceriteria in the period between now and when the first Strategic Spatial Energy Plan (SSEP) is introduced. When the first SSEP is introduced, ~~(currently estimated as late 2026)~~ itthis is expected to set new or ~~/~~additional capacities for projects (by technologyies, capacity and location) beyond 2035.

3.6.3 However, ~~it is possible,~~ before the first SSEP is introduced, ~~that~~ projects may come forward seeking inclusion within the connections queue that have very long lead times (that is~~i.e.~~ long design, consenting and construction periods) and that may be needed beyond the 2035 capacities within the CP30 Action Plan. Potential examples could include ~~might be~~ nuclear projects.

3.6.4 Where ~~any~~ such projects come forward and provide robust evidence of theseis very long lead times and of the benefits they would provide to consumers, we will consider designating them under~~against~~ this category. If ~~we did designate~~ any projects were designated under ~~against~~ this category, any connection date offered would not be before the end 2035. This connection date would be firm and the User would need to comply with Queue Management requirements in the same way as any other project that meets the Gate 2 requirements.

4. Process for Ddesignating Pprojects

4.1 Designation pProcess

4.1.1 When in the connections process can designation happen?

4.1.1.1 The designation process and designation decisions will primarily happen in advance of a User applying forto Gate 2. This would provide NESO and other parties seeking designation of a project with foresight and subsequently allow for efficient consideration of projects within a Gate 2 window. However, NESO may designate projects at any point, including at Gate 1, or even potentially once a project has progressed beyond Gate 2 (this would for example be where there may be benefits in offering an accelerated improved connection to a designated project where capacity has become available due to project terminationvia capacity reallocation).

4.1.1.2 Where relevant (for examplei.e. for projects without a Gate 1 contract), NESO would encourage applicants to participate in the Gate 1 process to allow NESO the best opportunityies and additional time to consider designation and ensure that consumers and Users receiveare getting the best value from the connections process.

4.1.1.3 For the avoidance of doubt, projects that are designated by NESO are still required to:

- (if they have not done so already done so) go through the Gate 2 process (that isi.e. apply for a Gate 2 contract Offer within a Gate 2 window); and
- meet the 'readiness' elements of the Gate 2 Ceriteria (including the ongoing obligations associated with the Gate 2 Ceriteria).
- comply with Queue Management milestones.

4.1.1.4 A project cannot benefit from being designated if itthey does not successfully go through the Gate 2 process. Hhowever, thisat does not mean that a project cannot be designated before Gate 2.

4.1.2 How will the application process work?

This section does not describe the process by which the UK Government identifies demand projects under Category F.

4.1.2.1

4.1.2.2 For categories A to C, NESO will publish a Notice when it considers that projects in one of these categories are needed. As part of issuing any Notice, NESO will set out the nature of

security of supply issues, system operation issues or system constraints, and the characteristics and services NESO seeks from projects to address thoseose.

4.1.2.1 In the relevant published Notice, NESO will also clearly specify the criteria against which it will assess applications. NESO would then invite projects to apply to NESO, in response to that Notice, to setting out how they demonstrate those characteristics and can provide those services to address the identifiedose issues or constraints. NESO will not consider applications for designation in categories A to C unless it has issued an associated Notice.

4.1.2.2 For categories D and E, Users can make designation applications at any point (that isi.e. without not requiring a Notice from NESO). NESO will assess projects against the criteria outlined in the following pages.

4.1.2.3 Other parties (for example TOs, DNOs,/ Independent Distribution Network Operators, Ofgem or the UK Government), may also notify NESO of projects(s) they consider may be appropriate candidates for project designation.

4.1.2.4 Irrespective of the route taken above, the User seeking designation must make a formal application to NESO for their project to be designated. That application must set out the full details of the project and must provide evidence to NESO explainingof how the applicant considers that their project meets the relevant criteria for designation.We have provided Gguidance on the information that Users should include is provided in Section 5 on the information that Users should include. For clarity, Network Services projects will also need to provide much of the same information as part of the tender process.

4.1.2.5 NESO will charge a fee for assessing a designated project application. This fee which has been added to the Use of System Charging Statement in line with CUSC Section 14.4. The fee will be determined on the basedis on thef time and resources used, which mayeould include input from internal subject matter experts, input including engineering expertise. The fee must be paid in full and on time before a designation decision will be confirmed.

4.1.2.6 NESO does not intend to set any confirmed timescales for making a designation decision. However,, but NESO would typically expect to make a decision within four to five4-5 months of receiving an application,, inclusive of any period of consultation period in line with the required underments set out in NESO's electricity system operator licence,, of any application for designation under the enduring process (i.e. following the Gate 2 to the whole queue exercise - see indicative timeline in section 4.2).

4.1.2.7 Where NESO carries out a public consultation on a proposed project designation decision, theis consultation will be undertaken in line with the relevant requirements in NESO's licence. Any such consultation will provide a summary of the application and the reasons for NESO's proposed decision. TheAny consultation will be made available on NESO's website.

4.1.3 Who will designate projects?

4.1.3

4.1.3.1 NESO will make its designation decision based on an assessment of the designation application against the categories and criteria set out in this document (subject to any Ofgem approval ~~as~~ required under~~in~~ our licence)~~,~~ and taking account of any feedback received as part of a consultation on a designation decision.

4.1.3.2 Under ~~criteria~~categories A to E ~~(a)-(e),~~ NESO will be the ultimate decision maker and only NESO will ~~ultimately~~ designate a project (subject to any Ofgem approval ~~as~~ required under~~in~~ our licence) under those criteria. However, NESO may seek advice from other parties in making a~~ny~~ designation decision, for example~~e.g.~~ from the UK Government.

4.1.3.3 Under category F, the UK Government will notify NESO of any demand projects it identifies as having strategic national importance which will be treated as though they had been designated by NESO.

4.1.4 Decisions and disputes

4.1.4.1 NESO will publish all designation decisions (positive or negative) along with the reasons for those~~at~~ decisions, including views on any consultation responses received.

4.1.4.2 Users may choose to dispute a NESO designation decision where NESO has not designated their project~~a User~~. Such a dispute will be ~~shall~~ promptly ~~be~~ referred to an independent expert for decision at the User's request. The decision of~~from~~ the independent expert will be final and binding. Further details of~~n~~ this process will be set out in the designation application form, which may include information~~details~~ on the costs of the process.

4.1.4.3 If, after receiving designation, a party seeks to amend their project (for example to an alternative technology or to a different connection location or date) then it must notify NESO. In such an instance, NESO will consider whether the project should continue to be designated (for clarity, this NESO designation decision would be outside the Gate 1 or Gate 2 process). Where NESO decides that the project should no longer be designated, NESO would notify the relevant project developer and publish the relevant details of the NESO decision. Unless otherwise specified by NESO in its decision, the relevant project would need to re-apply at the next Gate 2 window, in line with the process set out in CMP434. This would be to allow NESO to determine the status of the project, i.e. whether it continues to meet the Gate 2 criteria and should be provided with a revised Gate 2 contract, or whether it does not meet the Gate 2 criteria and should be provided with a Gate 1 contract. Unless otherwise specified by NESO in its decision, any failure to re-apply at the next Gate 2 window would result in the project being provided with a Gate 1 contract. We will work with the UK Government if a project it has identified changes its technology to understand how we should treat it.

4.2 Indicative decision making process

4.2.1 Figure 1 below shows the indicative process and timeline for designating projects.

4.2.2 The process for applying for designation and for NESO decision making on designation is separate from the connections process (for example~~e.g.~~ Gate 1 or Gate 2)~~.~~, A~~i.e. a~~s set out in Section 4.1.1.1, the designation application and decision process can take place~~happen~~ at any time. However, as also set out in Section 4.1.1.1, we intend that the designation process and designation decisions will primarily take place ~~happen~~ in advance of a User applying for~~to~~ Gate 2. ~~, as~~ T~~t~~his would provide NESO and other parties seeking designation of a project with foresight and ~~subsequently~~ allow ~~for~~ efficient consideration of projects within a Gate 2 window. Any project designation applications submitted during a Gate 2 window, for example, may not allow NESO to make a decision in time for the Gate 2 ~~readiness~~ Readiness or ~~strategic~~ Strategic ~~alignment~~ Alignment ~~criteria~~ Criteria assessment. This~~,~~ ~~which~~ may in turn mean that a project does not meet the overall Gate 2 C~~c~~riteria within that Gate 2 window.

~~4.2.2~~4.2.3 The UK Government will follow a separate process for determining whether a strategic demand project should be treated as though it had been designated. The UK Government will clearly and transparently set out which projects NESO should treat as though~~t~~ they had been designated.

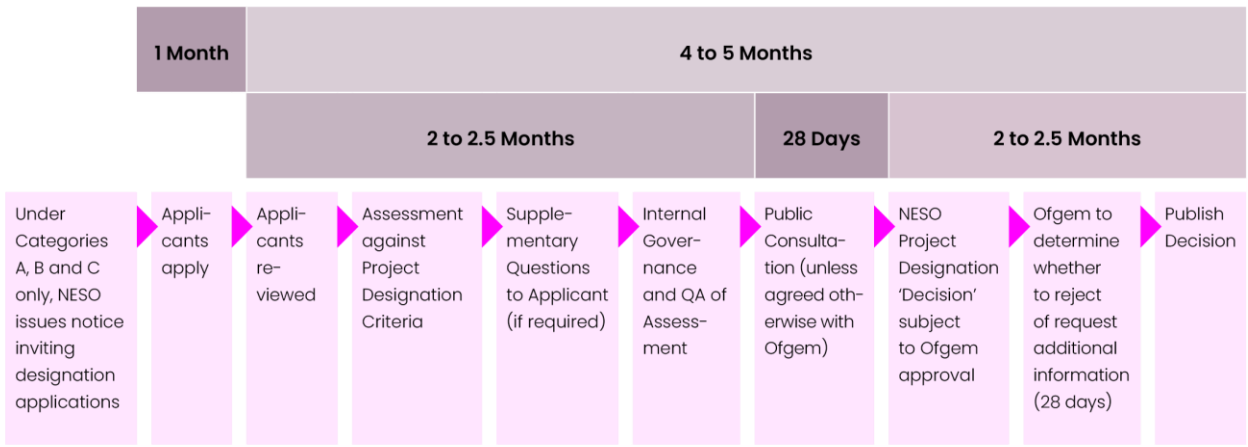

Figure 1: Indicative process and timeline for designating projects

5. Information Provision

5.1 Indicative information likely to be required to inform NESO's decision whether or not to designate a project

This section is intended to provide a non-exhaustive list of the information Users should expect to provide if seeking designated status for their project. The precise information to be provided may vary by project.

We will work with Users seeking designation to understand the best information that allows NESO to consider specific applications.

This section is not relevant to the UK Government's process for identifying demand that NESO will treat as though it had been designated.

5.1.1 Information to be provided by all projects seeking designation

- pProject Name
- pProposed point of connection
- pProposed date of connection
- eExport/iImport cCapacity of the pProposed pProject

5.1.2 Indicative information to be provided by projects seeking designation under thefor security of supply category

- pProposed installed generating capacity and proposed export capacity
- fFor a storage project, duration and round-trip -efficiency
- fFor a wind or solar project, long-term average load factor, ideally evidenced from equivalent existing plant rather than manufacturer's documentation
- aAny known regular periods of technical unavailability or any key dependenciesy.
- fFor a project directly connected to load, sufficient details about the likely size and pattern of the load to facilitate accurateey demand forecasting.
- gGenerating technology or / fuel by unit
- fFor mixed fuel--type generators -- information about the sub-units (fuel type, location, etc.)
- lLocation
- dDuration limit, if any, for units with limited fuel
- pProposed support scheme(s), if any (for examplee.g. Capacity Market, CfD, cap and floor, CCS Ddispatchable Ppower Aagreement (DPA), H2P Bbusiness Mmodel (H2PBM) etc.)

- qQualitative rationale explaining why theis project should be designated.

5.1.3 Indicative information to be provided by ~~all~~ projects seeking designation under the~~for~~ system operability category

- dDescription of the system need the project addresses
- dDescription of how the proposed project addresses the system operability need
- dDescription of any commercial contracts held that support~~aid~~ system operability
- qQualitative rationale explaining why theis project should be designated.

5.1.4 Indicative information to be provided by ~~all~~ projects seeking designation under the materially reduce system and/or network constraints category

- pProposed installed generating capacity (if relevant)
- pProposed import/export capacity
- pProposed generation profile
- pProposed import profile (if relevant)
- pProposed load factor (where relevant, this should align~~should be in line~~ with load factor values used elsewhere, for example~~e.g.~~ TNUoS cCharging)
- qQualitative rationale explaining why theis project should be designated.

5.1.5 Information to be provided by ~~all~~ projects seeking designation under the new technologies and/or highly innovative category

- dDescription ~~of type~~ of the technology
- eExplanation of why, in the proposers' view, this technology may not have been included in the strategic energy plan.
- tThe Technology Readiness Level of the ~~innovative~~ technology at the time the CP30 Action Plan was published.
- eExplanation of the expected Technology Readiness Level of the ~~innovative~~ technology by ~~the time of~~ the proposed connection date.
- eExplanation of the plan to achieve ~~for having~~ a market-ready solution in line with the proposed ~~date of~~ connection daten.
- evidence of attaining Queue Management M2 or M7 status as an alternative to Technology Readiness Level

5.1.6 Information to be provided by ~~all~~ projects seeking designation under the very long lead times category

- d~~D~~escription of the~~type of~~ technology
- d~~D~~etailed ~~end to end~~end-to-end project development plan (to the point ~~time~~ of commissioning and operation), including design, consenting and construction periods
- e~~E~~xplanation of why the project plan reflects industry best practice~~.~~
- p~~P~~roposer's~~s'~~ view of the forecast cost to consumers over the life of the project
- p~~P~~roposer's~~s'~~ view of the forecast benefits to ~~the~~ consumers over the life of the project
- q~~Q~~ualitative rationale explaining why the~~is~~ project should be designated~~.~~

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