

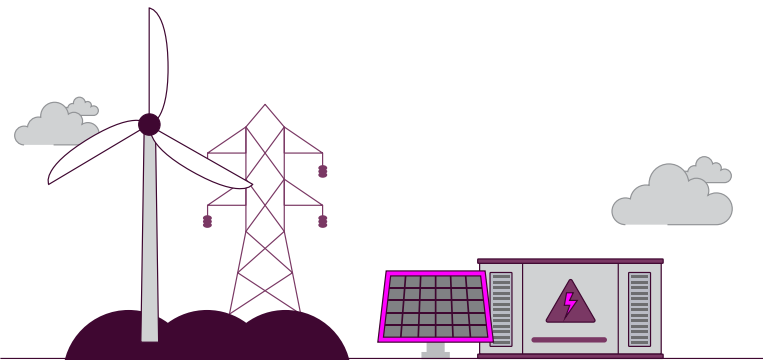
Public

Project Designation Methodology

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How to read this document

Welcome to the *Project Designation Methodology*. 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 be read in the context of those processes. CMP434 sets out the enduring process for applications and offers in Section 17 of the CUSC.

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).
- 1.1.2 Designated projects can:
- be included within the connections queue (providing they meet the Gate 2 Readiness Criteria¹)
 - 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 other projects in that Gate 2 Tranche by placing them higher up the queue for network design purposes than those in the queue that are not designated. In addition, designated projects with a Gate 2 agreement may be eligible for an improved connection via the 'capacity reallocation' process. 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, and/or provide other benefits to the Great Britain (GB) energy system and energy consumers, are capable of being included within the reformed connections queue and/or receiving an improved connection under the reformed connections process due to the significant associated benefits they can provide to GB consumers.
- 1.1.4 This methodology will be followed by NESO when assessing any applications 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.
- 1.1.6 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

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

to NESO, and NESO decision making. However, it also includes a category of demand projects which have been identified by the UK Government.

- 1.1.7 This methodology has been developed in line with licence condition E17.8, which requires NESO to maintain in force a Project Designation Methodology. This methodology will be reviewed at least annually (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 table below provides links to related publications and policy documents referenced within this document.

Existing Policy	Description
Gate 2 Criteria Methodology	The <i>Gate 2 Criteria Methodology</i> 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 evidence is assessed.
Connections Network Design Methodology (CNDM)	The <i>Connections Network Design Methodology</i> (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 clean power by 2030 via our <i>Clean Power 2030 Report</i> .
Clean Power 2030 Action Plan	The Clean Power 2030 Action Plan: A new era of clean electricity (December 2024) builds on advice from NESO, setting out the UK Government’s view of the requirements for clean power by 2030 and the steps needed to achieve it.



2. Identifying Projects That Can Be Designated

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 criteria²; 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.
 - 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, those projects could then also be designated, subject to meeting the relevant criteria, to ensure they can provide the necessary services when needed.
- 2.1.3 In future, Competitively Appointed Transmission Owner (CATO) and coordinated 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 project to be designated via the process set out within this document or have been specifically identified by the UK Government.

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

- 2.1.5 The following chapters set out more information on:
- what is meant by each of the terms referred to in the categories above
 - the key characteristics that a designated project should demonstrate
 - the 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 these. 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 in response to that Notice, setting out how they demonstrate those characteristics and can provide those services to address the identified 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 in this *Project Designation Methodology*.**

A. Critical to security of supply

- 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
- NESO identifies that connecting a project, or projects, before that given year would materially mitigate the above risk and/or deliver material benefits to GB consumers in relation to that 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:

- without 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
- NESO identifies that connecting such a project would materially mitigate the above risk and/or deliver material benefits to GB consumers in relation to that 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
- NESO identifies that connecting a project before that given year would materially mitigate the above risk and/or deliver material benefits to GB consumers in relation to that 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 specified within the UK government's CP30 Action Plan or does not correspond with a technology that meets Strategic Alignment Criterion (d)³
- is within a technology (for example 'solar' or 'nuclear') specified within the CP30 Action Plan but is a novel sub-type that has been successfully developed and

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

demonstrated, is considered commercially viable and would provide benefits for GB consumers

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 nine⁴ since the Government published its last Strategic Plan. NESO will consider projects that have attained Queue Management M2 or M7⁵ 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 very 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, specifically a lead time for commissioning and operation beyond 2035, along with evidence:

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

(N.B. If NESO designates any projects under 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.

4 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 Characteristics of Categories of Projects That Can Be Designated

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 security of supply

- 3.2.1 Under Section 163 of the Energy Act 2023, NESO has a duty to promote the security of supply objective, that is, "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 actions necessary to ensure security of supply. NESO seeks to provide a foundation for a stable, reliable and secure energy system through an integrated and coordinated approach to ensure energy supply needs can be met securely.
- 3.2.3 NESO currently views security of supply in terms of 'adequacy', that is, the ability to meet demand. Under the *Reliability Standard Methodology* (July 2013), NESO must maintain a reliability standard of less than three hours Loss of Load Expectation. This represents the number of hours/periods per year in which, over the long term, it is statistically expected that supply will not meet demand. As certain technologies have different de-rated capacity⁶, some technologies provide stronger contributions to security of supply.

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.

- 3.2.4 While 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 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 connecting to the network, providing different levels of efficiency in the services they provide (for example 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 security of supply to address these changes efficiently and economically and ensure there is sufficient electricity to handle fluctuations in demand and supply 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 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 security of supply of, for example, a 50 MW solar farm and a 50 MW four-hour battery would be higher than the battery or solar operating 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 designation could provide support, NESO will issue a Notice inviting parties to apply.

3.3 Critical to system operation

- 3.3.1 'Critical to system operation' within the context of the GB electricity system 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. (For clarity, Transmission Owners (TOs) are not required to comply with the Grid Code, while 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 licences
- **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 essential service providers, including 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 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 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 decrease the amount of electricity at different locations on the network. Example situations include:



- import – 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
- export – generation in the area is not offset by 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 providers are in place who can offer services to do this (for example local constraint management services or demand reduction) readily and economically, avoiding the need for materially more expensive or less efficient solutions, that is leading to materially lower balancing costs
- materially reduce or even avoid the need for material network or wider system investment (that is 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 Connections Reform annex to the CP30 Action Plan published by the UK Government states:

“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

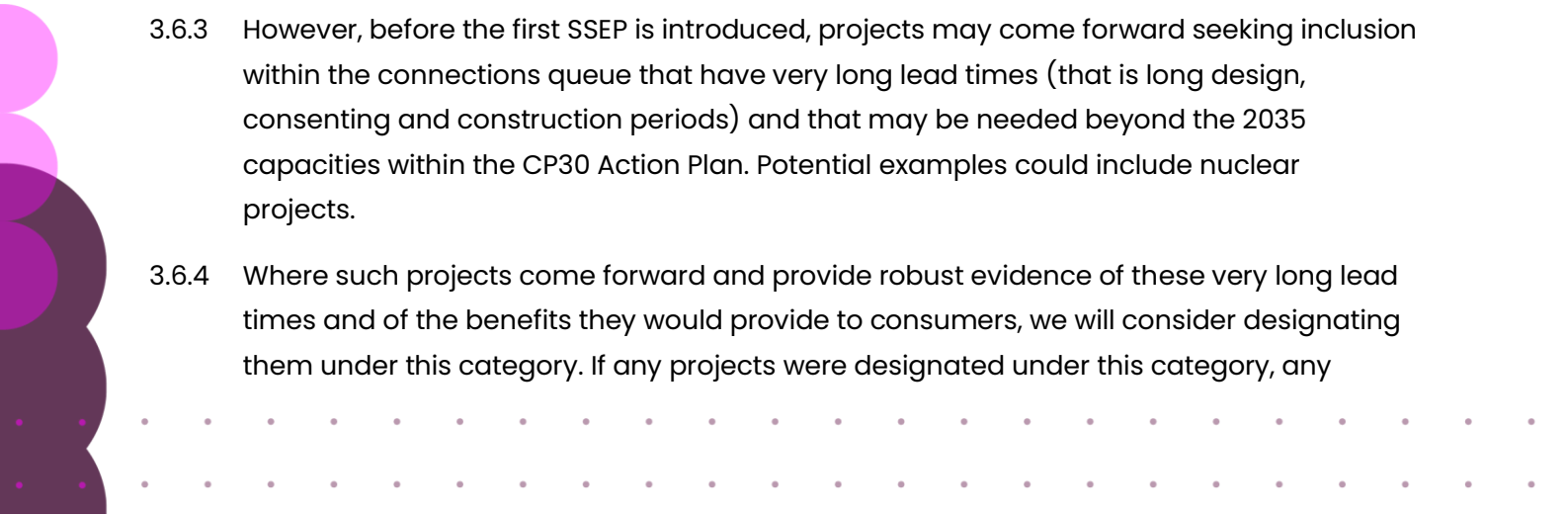
transmission-connected demand. Projects in those technologies would, however, be required to demonstrate that they have met the 'readiness' element of the Gate 2 Criteria in order to be eligible for a Gate 2 Offer.

- 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 (Category D). For the avoidance of doubt, projects in the above technologies can, however, seek designation (for improvement of connection purposes) under categories A, B, C or E set out within this document.
- 3.5.4 The following types of projects can seek designation under Category D:
 - 1. those that do not correspond with a technology specified within the UK government's CP30 Action Plan or do not correspond with a technology out of scope of the CP30 Action Plan that meets Strategic Alignment Criterion (d)
 - 2. those that are within a technology (for example 'solar' or 'nuclear') specified within the UK government's CP30 Action Plan but represent a novel sub-type that has been successfully developed and demonstrated, is considered commercially viable and would provide benefits for GB consumers.

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

- 3.6.1 The Connections Reform annex to the CP30 Action Plan published by the UK Government states:

"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 be sufficient to cover the development period for most, if not all, projects that meet the readiness element of the Gate 2 Criteria in the period between now and when the first Strategic Spatial Energy Plan (SSEP) is introduced. When the first SSEP is introduced, it is expected to set new or additional capacities for projects (by technology, capacity and location) beyond 2035.
- 3.6.3 However, before the first SSEP is introduced, projects may come forward seeking inclusion within the connections queue that have very long lead times (that is long design, consenting and construction periods) and that may be needed beyond the 2035 capacities within the CP30 Action Plan. Potential examples could include nuclear projects.
- 3.6.4 Where such projects come forward and provide robust evidence of these very long lead times and of the benefits they would provide to consumers, we will consider designating them under this category. If any projects were designated under 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 Designating Projects

4.1 Designation process

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 for Gate 2. This would provide NESO and other parties seeking designation of a project with foresight and allow efficient consideration of projects within a Gate 2 window. However, NESO may designate projects at any point, including at Gate 1, or potentially once a project has progressed beyond Gate 2 (for example where there may be benefits in offering an improved connection to a designated project via capacity reallocation).
- 4.1.1.2 Where relevant (for example for projects without a Gate 1 contract), NESO would encourage applicants to participate in the Gate 1 process to allow NESO the best opportunity and additional time to consider designation and ensure that consumers and Users receive the best value from the connections process.
- 4.1.1.3 For the avoidance of doubt, projects designated by NESO are still required to:
- (if they have not already done so) go through the Gate 2 process (that is apply for a Gate 2 Offer within a Gate 2 window)
 - meet the 'readiness' elements of the Gate 2 Criteria (including the ongoing obligations associated with the Gate 2 Criteria)
 - comply with Queue Management milestones
- 4.1.1.4 A project cannot benefit from being designated if it does not successfully go through the Gate 2 process. However, this does not mean that a project cannot be designated before Gate 2.

4.1.2 How will the application process work?

- 4.1.2.1 This section does not describe the process by which the UK Government identifies demand projects under Category F.
- 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 these.
- 4.1.2.3 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 in response to that Notice, setting out how they demonstrate those characteristics and can provide those services to address the identified issues or constraints. NESO will not consider

applications for designation in categories A to C unless it has issued an associated Notice. For categories D and E, Users can make designation applications at any point (that is without requiring a Notice from NESO). NESO will assess projects against the criteria outlined in the following pages. Other parties (for example TOs, DNOs, Independent Distribution Network Operators, Ofgem or the UK Government) may also notify NESO of projects 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 full details of the project and provide evidence to NESO explaining how the applicant considers that the project meets the relevant criteria for designation. Guidance on the information that Users should include is provided in [Section 5](#). 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 has been added to the Use of System Charging Statement in line with CUSC Section 14.4. The fee will be determined based on the time and resources used, which may include input from internal subject matter experts, 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 confirmed timescales for making a designation decision. However, NESO would typically expect to make a decision within four to five months of receiving an application, inclusive of any consultation period required under NESO's electricity system operator licence.
- 4.1.2.7 Where NESO carries out a public consultation on a proposed project designation decision, the 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. The consultation will be made available on NESO's website.

4.1.3 Who will designate projects?

- 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 required under our licence) and taking account of any feedback received as part of a consultation on a designation decision.
- 4.1.3.2 Under categories A to E, NESO will be the ultimate decision maker and only NESO will designate a project (subject to any Ofgem approval required under our licence) under those criteria. However, NESO may seek advice from other parties in making a designation decision, for example 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 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. Such a dispute will be promptly referred to an independent expert for decision at the User's request. The decision of the independent expert will be final and binding. Further details of this process will be set out in the designation application form, which may include information 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 Gate 1 or Gate 2). As set out in Section 4.1.1.1, the designation application and decision process can take place 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 in advance of a User applying for Gate 2. This would provide NESO and other parties seeking designation of a project with foresight and allow 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 or Strategic Alignment Criteria

assessment. This may in turn mean that a project does not meet the overall Gate 2 Criteria within that Gate 2 window.

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 they had been designated.

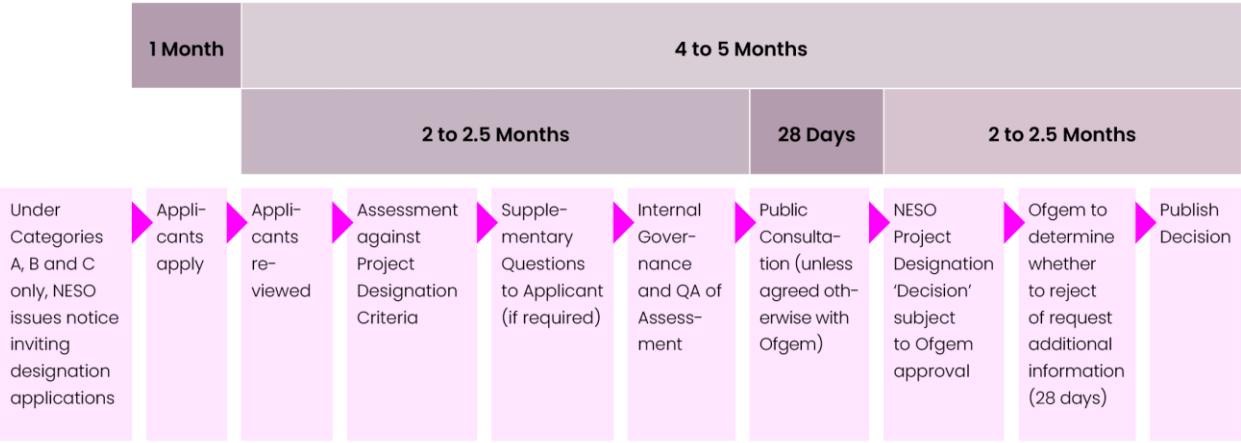


Figure 1: Indicative process and timeline for designating projects

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

- project name
- proposed point of connection
- proposed date of connection
- export/import capacity of the proposed project

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

- proposed installed generating capacity and proposed export capacity
- for a storage project, duration and round-trip efficiency
- for a wind or solar project, long-term average load factor, ideally evidenced from equivalent existing plant rather than manufacturer documentation
- any known regular periods of technical unavailability or key dependencies
- for a project directly connected to load, sufficient details about the likely size and pattern of the load to facilitate accurate demand forecasting
- generating technology or fuel by unit
- for mixed fuel-type generators – information about the sub-units (fuel type, location etc.)
- location
- duration limit, if any, for units with limited fuel
- proposed support scheme(s), if any (for example Capacity Market, CfD, cap and floor, CCS Dispatchable Power Agreement (DPA), H2P Business Model (H2PBM) etc.)



- qualitative rationale explaining why the project should be designated

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

- description of the system need the project addresses
- description of how the proposed project addresses the system operability need
- description of any commercial contracts held that support system operability
- qualitative rationale explaining why the project should be designated

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

- proposed installed generating capacity (if relevant)
- proposed import/export capacity
- proposed generation profile
- proposed import profile (if relevant)
- proposed load factor (where relevant, this should align with load factor values used elsewhere, for example TNUoS charging)
- qualitative rationale explaining why the project should be designated

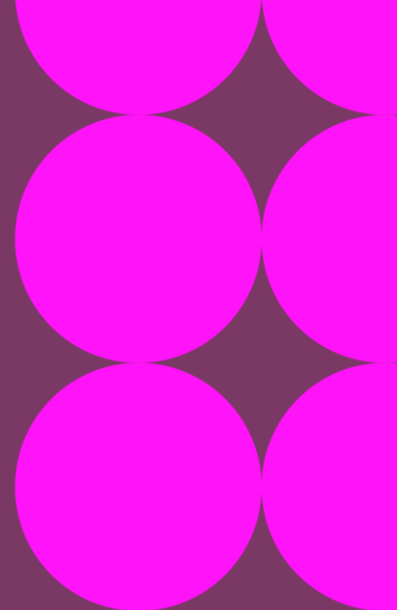
5.1.5 Information to be provided by projects seeking designation under the new technologies and/or highly innovative category

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



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

- description of the technology
- detailed end-to-end project development plan (to the point of commissioning and operation), including design, consenting and construction periods
- explanation of why the project plan reflects industry best practice
- proposer's view of the forecast cost to consumers over the life of the project
- proposer's view of the forecast benefits to consumers over the life of the project
- qualitative rationale explaining why the project should be designated



NESO

Faraday House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA
United Kingdom

Registered in England and Wales
No. 11014226

neso.energy