

## Annex 4 – Gate 2 Options

### Context

Our initial recommendation was that there should be a Gate 2 under Target Model Option (TMO) 4 (our initially preferred option) to determine queue position for projects within the application window and to potentially accelerate projects (that seek advancement of their connection date). We initially recommended that this Gate 2 milestone should be when developers “Submit Consent” for their project (i.e. “submission of the application for planning consents”). However, feedback from our consultation on what the Gate 2 Milestone should be was mixed and so we are further considering Gate 2 options.

These are set out below and we are planning to seek further stakeholder feedback on the viability of these options during Phase 3 of the connections reform programme in the context of the TMO 4 now being finally recommended, and prior to making a decision on, the appropriate milestone for Gate 2.

Option Number	Option on what Gate 2 could be	Benefits	Drawbacks
1	Milestone prior to submitting application for planning consents e.g. proof of having held a public exhibition; and/or Pre-application consultation concluded; and/or screening opinion received from the appropriate Planning Authority.	Addresses the challenges (i.e. effort and costs) of applying for planning consent without knowing final confirmed connection date.	More difficult to measure.  Favours certain technologies that can deploy quicker than others e.g. not a mandatory requirement in England and Wales, for a project that follows a Town and Country Planning process, to consult ahead of submission of application for planning consents

			No guarantee that they will obtain planning consent.
2	Commitment to submit application for planning consents within a certain time period after signing offer to advance connection date	Addresses the challenges (i.e. effort and costs) of applying for planning consent without knowing final confirmed connection date.  Compliance can be managed against Queue Management Milestone M1 (Initiate Planning Consent).	Favours certain technologies that can deploy quicker than others e.g. not a mandatory requirement in England and Wales, for a project that follows a Town and Country Planning process, to consult ahead of submission of application for planning consents.  No guarantee that they will obtain planning consent.
3	Submit application for planning consents – <b>note this was our initial recommendation</b>	Provides appropriate balance between project viability and risk/expenditure.	Potentially incentivises rushed applications just to get to Gate 2 with no guarantee on the viability of a project.  No guarantee that they will obtain planning consent.  Favours technologies that can deploy quicker as pre-application requirements differ based on planning type e.g. in England and Wales, there are mandatory process steps a Nationally Significant Infrastructure Project (NSIP) needs to go through before they can apply for planning consent. These do not apply for smaller projects that follow a Town and Country Planning process.  Developers argue it is not reasonable to submit application planning consents when

			the potential for an earlier connection date is unknown.
4	Submit application for planning consent that has been validated by Planning Authority	<p>Appropriate balance between project viability and risk/expenditure and introduces a step to ensure applicant has at least provided minimum information required and planning authority has verified that it has been provided.</p> <p>Application is provided with a reference number, which is published and simple to verify.</p>	As Option 3 but does at least introduce a requirement for the application for planning consents to be verified (albeit may not stop submission of speculative applications for planning consents).
5	Submit application for planning consent that has been validated by Planning Authority + evidence of financial viability	As per Option 3 but adding the step that developer is financially viable could reduce a scattergun approach to applications.	<p>As Option 4 but the requirement for evidence of financial viability could be over complex to manage (e.g. how do you verify that someone is financially viable or not and who is best placed to make this assessment) and there would need to be clear and transparent criteria.</p> <p>The additional step for the requirement for evidence of financial viability favours larger portfolio developers who have parent companies with stronger credit ratings.</p>
6	Obtain Planning Consent	More certainty that a project can be delivered at this stage.	<p>Too late in development cycle (for some or all customers).</p> <p>No guarantee that an applicant can meet their pre-commencement planning conditions.</p>

7	Milestones set based on planning types e.g. NSIP, Section 36, Town and Country Planning	Recognises that different planning types have different/more onerous pre-application requirements. Removes the distortion that projects with less onerous planning requirements (e.g. those going through a Town and Country process) would always reach Gate 2 before those with more onerous planning types (e.g. those going through the NSIP process).	<p>Difficult to establish a direct comparison between different planning types.</p> <p>Could be overly complex to manage and would need clear, robust and transparent criteria that has been consulted on with industry and is kept up to date with current planning requirements.</p>
8	A checklist where customers have a choice of which Milestones to meet based on e.g. their planning type.	Potential to cater for project/size specific differences and development nuances.	<p>Will need clear, robust and transparent criteria that has been consulted on with industry and is kept up to date.</p> <p>Significantly more complex, and arguably more subjective and open to challenge.</p> <p>Potentially incentivises behaviour to meet the simpler milestones just to get to Gate 2 with no guarantee on the viability of a project.</p>
9	Independent assessment as to whether a project is viable.	More certainty that a project can be delivered at this stage.	<p>Significantly more complex, and arguably more subjective and open to challenge.</p> <p>Will need clear, robust and transparent criteria re: evidence and decisions.</p> <p>Cost (ultimately borne by consumers) of developing/bringing in the expertise needed to make such an assessment.</p>

<p><b>10</b></p>	<p>Use Queue Management Milestone M3 (obtaining Exclusive Land Rights) rather than linking to Planning Consents</p>	<p>Negates the need to link Gate 2 to planning consents, where requirements differ based on planning consent type. Securing an option to lease on suitable land is arguably the most difficult aspect of development so could in itself demonstrate project viability even though the application for planning consent has not been initiated.</p>	<p>Allows landowners to sell to highest bidder and favours parties who already have the options on land. Obtaining exclusive land rights is not a strong indicator of overall likelihood of project delivery e.g. may not secure planning consents.</p> <p>Landowners need to be paid for the entire waiting period.</p> <p>No guarantee that they will obtain planning consent.</p>
<p><b>11</b></p>	<p>Evidence of Developer Financial Viability rather than linking to Planning Consents</p>	<p>Provides some assurance on project viability and could reduce a scattergun approach to applications.</p>	<p>The requirement for evidence of financial viability favours larger portfolio developers who have parent companies with stronger credit ratings.</p>