

Appendix 2

Eligibility Criteria Assessment Framework for LDES window one

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This Eligibility Criteria Assessment Framework (ECAAF) is designed to assist developers applying for the first window of the cap and floor scheme for Long Duration Electricity Storage (LDES) projects. It explains the assessment framework and sets out the information that the applicants are expected to provide in their applications. This information is necessary for Ofgem to evaluate the project's eligibility to progress to the Cost Benefit Analysis (CBA) stage.

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1. Introduction

Approach to developing the framework

- 1.1 The Technical Decision Document (TDD)¹ published in early March indicated that Ofgem would provide an eligibility assessment framework detailing how projects will be evaluated against specific criteria. Since the TDD's publication, developers have reached out, noting areas where they needed further clarification on the eligibility criteria before they could apply in the April window.
- 1.2 In March, Ofgem conducted workshops with stakeholders to gather their insights on the eligibility assessment framework. Although Ofgem has not formally consulted on the Eligibility Criteria Assessment Framework (ECAAF), it has taken the feedback and responses into account in finalising the framework.

Scope and Purpose

- 1.3 The eligibility stage is the first phase in the cap and floor scheme assessment process. This stage involves an initial evaluation of projects against the criteria set out in section 3. Projects that pass this stage move on to the Cost-Benefit Analysis (CBA) stage.
- 1.4 Section 3 outlines the minimum information applicants must provide for Ofgem to assess their projects. Projects will be assessed against the criteria set out in section 3.
- 1.5 Ofgem requests that prospective applicants notify their intent to apply in this first application window via email at LDES@Ofgem.gov.uk by **22 April 2025**. Please use the subject heading "LDES SCHEME APPLICATION: [Project Name]" for your email, and include the project name, project location (postcode or geographical co-ordinates) and technology type of project (e.g. pumped storage hydro, battery, ammonia etc.) in the body of your email. Please provide a separate email for each prospective application.

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<https://www.ofgem.gov.uk/sites/default/files/2025-03/Long%20Duration%20Electricity%20Storage%20Technical%20Decision%20Document.pdf>

2. Guidance for the eligibility stage

- 2.1 As outlined in Chapter 3 of the TDD, applicants must meet the eligibility criteria for the scheme to be eligible for the first application window of the cap and floor scheme. To do so, they must provide in their application the evidence set out in section 3 of this document. Section 3 of this document also sets out what indicative further information developers might show to support their application.
- 2.2 Ofgem will conduct the eligibility assessment to confirm whether the application meets the eligibility criteria. This will be undertaken from Q2 2025 and we will inform developers of the outcome of this assessment in Q3 2025.

Application Form

- 2.3 All applicants must complete Ofgem’s LDES Application Form in Appendix 3 of the application guidance as part of their application. All applicants must provide all the information requested in the Application Form. They also must explain in the Application Form, clearly and sufficiently, how the project meets the eligibility criteria.
- 2.4 This is for the applicant to demonstrate that they meet each of the eligibility criteria, based on the reasoning and explanation contained in their Application Form, and the information and documentation submitted as part of their application.
- 2.5 Applicants who do not complete the Application Form, or who submit an Application Form that is not fully complete, may be removed from the eligibility assessment process.

Project application evaluation

- 2.6 Applicants’ projects will be evaluated against the criteria set out in section 3, based on the information, documentation and reasoning provided in the submissions. Ofgem’s evaluation will be based on the quality and coherence of the information and reasoning submitted by developers in the Application Form, and any relevant materials and documentation submitted together with the Application Form as part of their applications.
- 2.7 All components will be evaluated using binary pass / fail criteria based on the information, documentary evidence and reasoning provided.
- 2.8 The “deliverability” component of the ECAF will be based on the quality and coherence of the information and reasoning provided by the applicants. For

example, a less mature project may still achieve a “pass” rating for deliverability if it has a credible and convincing delivery plan. Conversely, a more mature project with lots of risks may achieve a “fail” rating, if it cannot adequately demonstrate how it proposes to take account of those risks.

2.9 An applicant project will not be considered eligible to proceed to the CBA project assessment if it is scored “fail” in any single area of the evaluation under the eligibility criterion of “deliverability”.

2.10 To pass the eligibility stage, an applicant project must meet requirements of every eligibility criterion. Only applicant projects that meet (or pass) all eligibility criteria will be eligible to proceed to the CBA project assessment stage.

Administration

- 2.11 The deadline for submitting applications is **Monday 9 June 2025**. Ofgem requests that prospective applicants notify their intent to apply in this first application window via email at LDES@Ofgem.gov.uk by **22 April 2025**. Applications will be submitted via an online data portal. We will provide further details of how to access the data portal to prospective applicants after 22 April 2025.
- 2.12 If you have not heard from us before you plan to submit your application, please email LDES@ofgem.gov.uk with the subject heading “DATA PORTAL” with details of the email addresses of all people who will require access to the data portal to upload their applications. **This should be done at least three working days prior to when you plan to submit your application.**
- 2.13 After the application date, applicants will not have the automatic right to update or expand their submitted applications. However, applicants must still fully engage with any requests for further information issued by Ofgem. In addition, every applicant is required to keep Ofgem informed by email about material developments and changes that may impact project deliverability by the applicable deadline (of 2030 or 2033).
- 2.14 Ofgem intends to assess all projects with 2030 and 2033 start dates in parallel but may use a 'twin track' approach if needed: Track 1 for projects deliverable by 2030 and Track 2 for those projects deliverable by 2033. Ofgem will make a decision on whether the twin track approach is needed after the application window closes, and, if necessary, set out further information on how this process will work at that time.

3. Eligibility Criteria Assessment Framework

Deliverability

Requirement	Submission material
Business / Project plan	<p>Project description, location and specification.</p> <p>High level project implementation plan, including project delivery team structure, schedule and milestones.</p> <p>Summary of costs and expected revenues, including approach to commercialisation and information about revenue sources.</p> <p>Project risk and opportunity register, and management plans.</p> <p>Details of past projects and experience (if applicable).</p>
Project schedule	<p>Project schedule for development and construction, including activities that have been completed to date.</p> <p>Potential impacts on project schedule and mitigation plans</p> <p>Project schedule shows the critical path, including interdependencies.</p> <p>A Commercial Operations Date that meets the Eligibility Requirements.</p>
Front-End Engineering and Design Study (FEED)	<p>As a minimum, this should include:</p> <p>Evidence of upfront engineering design / optioneering (FEED), appropriate to a project’s level of maturity</p> <p>Project Execution Plan</p> <p>FEED Basis of Design document / Project Designs</p> <p>Copy of FEED Master Document Register (if available)</p> <p>Applicants should also provide details of the contract(s) under which any FEED study / studies were procured, including contract specification and value.</p>
Cost estimates	<p>Deterministic cost estimates appropriate to the Project’s level of development (equivalent to AACE Class IV standard² or above):</p> <ol style="list-style-type: none"> I. Engineering assumptions II. Cost estimating assumptions and equipment schedule III. Execution and commercial assumptions IV. Potential impacts of a two-year delay on project’s costs V. Tolerances and contingency levels VI. Owner’s/Developer’s costs

² Based on feedback, we no longer require cost estimates to match the "Outline Business Case" (OBC) guidelines. However, applicants can still follow the OBC if they prefer.

	<p>Applicants should also provide an explanation as to why the level of cost maturity outlined is appropriate to their project’s stage of development.</p>
Procurement and supply chain	<p>Description of approach to contracting and equipment schedule.</p> <p>Execution and commercial assumptions (point III, above)</p> <p>Identification of key suppliers, any signed contracts, assessment of suppliers’ availability and capacity, and evidence of their ability to meet project timescale.</p> <p>Consider and explain how any potential supply chain issues could impact the project's costs.</p>
Financing plans	<p>Evidence describing the financing / capital structure of the project and its principal sponsor(s), and why this approach provides value for money.</p> <p>Key assumptions underpinning investability, including anticipated level(s) of cap and floor support.</p> <p>A credible financing strategy, demonstrating the expertise to raise the capital needed to develop the project.</p> <p>A financial model for the project, including revenue projections for the project and project rates of return under plausible outturn scenarios.</p> <p>Information relating to the financial health of the project and its principal sponsor(s), and quality of equity commitment from developers / project sponsors.</p>
Licencing and permitting	<p>Evidence of land rights and environmental permitting etc. This should include information regarding use of shared natural resources (such as lochs and rivers) where applicable.</p> <p>In the TDD, we stated that developers will be expected to have a generation licence in place. We can clarify that having one in place at the eligibility stage will not be a deliverability criterion, as we consider licenses can be obtained when needed nearer to the start of commercial operations.</p>

Scoring	Fail	Pass
Binary	<p>Missing or incomplete evidence / Complete responses with reservations:</p> <p>Key questions related to the deliverability criteria are either not answered or the answers provided are insufficient and/or not clear enough.</p>	<p>Comprehensive and credible evidence: All relevant questions related to the deliverability criteria are answered clearly, in detail, credibly, and supported by strong evidence.</p>

<p>Lacking confidence: While the information provided may offer some assurance about a project's potential to be completed by 2030 or 2033, there are notable concerns about the quality, coherence, or completeness of the information and reasoning provided, and/or doubts about the project's capability to deliver in certain areas.</p>	<p>Confidence: The information and reasoning provided gives confidence, at this stage, that the project will be completed by 2030 or 2033, with the information provided being of high quality and coherence.</p>
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Grid connection offer

Requirement	Submission material
<p>Grid connection</p>	<p>Evidence (and related reasoning) demonstrating that grid connection application has been submitted and/or a firm grid connection offer has been received.</p> <p>Evidence that the project has considered key risks to the delivery of the grid connection by the proposed project completion date.</p>

Scoring	Pass	Fail
<p>Binary</p>	<p>Submitted documentation (and related reasoning) proves application has been submitted and/or a firm grid connection offer has been received.</p>	<p>No evidence of a submitted grid connection application</p>

Planning consent

Requirement	Submission material
<p>Planning consent</p>	<p>For “track 1” projects deliverable by 2030 only: evidence (and related reasoning) demonstrating the ability to secure planning consent in the required delivery timescales. This includes the ability to meet any conditions attached to the consent, evidence of initial engagement and evidence of land rights.</p> <p>For “track 2” projects deliverable by 2033: evidence and reasoning demonstrating that the planning consent will be in</p>

place (obtained) by the end of Q3 2025, and the ability to meet any conditions attached to the consent.

For example, a link to planning consent approval on relevant online portals, e.g. NSIP register, Energy Consents Unit, Planning Casework, local authorities.

For both tracks, this may include an opinion of a named planning consultant that planning consent is achievable within stated project timelines (as evidenced by the project plan).

Scoring	Pass	Fail
Binary	<p>Track 1: sufficient evidence and reasoning to demonstrate the ability to secure the planning consent in the required delivery timescales, including sufficient evidence of initial engagement and sufficient evidence of land rights.</p> <p>Track 2: sufficient evidence and reasoning demonstrating that the planning consent will be in place (obtained) by the end of Q3 2025.</p>	<p>Track 1: insufficient evidence and reasoning to demonstrate the ability to secure planning consent in the required delivery timescales, including insufficient evidence of initial engagement and insufficient evidence of land rights.</p> <p>Track 2: insufficient evidence and reasoning to demonstrate that the planning consent will be in place (obtained) by the end of Q3 2025.</p>

Minimum capacity

Requirement	Submission material
Capacity – 50MW / 100MW	Evidence (and related reasoning) that the scheme can maintain a minimum discharge capacity of at least 100MW (stream 1) or 50MW (stream 2).

Scoring	Pass	Fail
Binary	Evidence (and related reasoning) confirms meeting minimum capacity for stream 1 or stream 2	Evidence (and related reasoning) does not confirm meeting minimum capacity for stream 1 and stream 2

Duration

Requirement	Submission material
8 hours at full power.	Evidence (and related reasoning) which demonstrates that the scheme duration will be able to discharge power continuously at full discharge capacity for the minimum duration of 8 hours.

Scoring	Pass	Fail
Binary	Technical documentation and operational plans (and related reasoning) confirm minimum duration of 8hrs can be met and performance maintained throughout the regime period.	Technical documentation and operational plans (and related reasoning) does not confirm minimum duration of 8hrs can be met and it remains unclear if the performance can be maintained throughout the regime period.

Technological readiness

Requirement	Submission material
Technological Readiness Level (TRL) 8 or 9	<p>Evidence (and related reasoning) demonstrating that the project meets TRL 8 or 9 (please specify the project’s TRL).</p> <p>Supporting information as set out on pages 23-25 of the TDD (as relevant to the project’s TRL).</p> <p>As set out in the TDD, projects applying for TRL 9 will not be required to provide detailed evidence for their project’s TRL. However, Ofgem reserves the right to reject applications from technologies that are known not to be TRL 9 (i.e. have no evidence of deployment).</p>

Scoring	Pass	Fail
Binary	<p>For TRL9: sufficient evidence (and related reasoning) demonstrating the project’s TRL.</p> <p>For TRL8: sufficient detailed evidence (and related reasoning) demonstrating the project’s TRL.</p>	Insufficient evidence of project TRL based on the information requested in the TDD.

Additional capacity

Requirement	Submission material
Additional capacity	<p>For significant refurbishments and expansions only, an explanation of the following:</p> <ul style="list-style-type: none"> A. Why the new capacity requires cap and floor regime support and cannot obtain adequate funding solely through merchant project financing or existing schemes such as the capacity market. B. How the significant refurbishments and expansions meets the eligibility criteria. C. How the new capacity will interface with the existing assets. D. How the newly formed asset will be operated. <p>As set out in the TDD, only the cost of the new capacity from the significant refurbishment or expansion can be supported by the cap and floor scheme. For the purposes of cap and floor scheme support, the value of support will only apply to the investment for the refurbishment. All revenues earned by the refurbished, upgraded newly formed asset will be considered in cap and floor calculations.</p>

Scoring	Pass	Fail
Binary	Sufficient detailed evidence (and related reasoning) demonstrating 1 how any new capacity meets points A to D above of submission material.	Insufficient evidence demonstrating how the new capacity meets points A to D above of submission material.