Public

Code Administrator Meeting Summary

Workgroup Meeting 4: CMP448 Introducing a Progression Commitment Fee to the Gate 2 Connections Queue

Date: **17/03/2025**

Contact Details

Chair: Joe Henry, Joseph.henry2@nationalenergyso.com

Proposer: Ash Adams, ashley.adams2@nationalenergyso.com

Key areas of discussion

The aim of Workgroup meeting 4 was to review the query and action log from Workgroup meeting 3 and the to discuss the following: PCF design (Addressing the defect, Alternatives considered, Safeguarding and the value), Workgroup Consultation and Workgroup Consultation questions discussions and agree next steps.

Query and Action Log Review

The Chair talked through the query and action log from the previous Workgroup meeting.

PCF Design

The Proposer presented their rationale behind the PCF design and value, explaining the decision to have a single PCF value for all projects and the reasons for not varying the value by technology type or project size.

- **Single PCF Value: T**he decision to have a single PCF value for all projects, highlighting the reasons for not varying the value by technology type or project size.
- **Design Rationale:** The Proposer presented the rationale behind the PCF design, emphasizing the need to balance the financial incentive with the impact on project viability.

PCF Profile and Timing: The Proposer explained that the decision to have a ramping fee that increases every six months, aligning with the cadence of existing user commitment security arrangements.

- **Ramping Fee:** It was confirmed within the Original Proposer to have a ramping fee for the PCF that increases every six months, aligning with the cadence of existing user commitment security arrangements.

- **Profile Decision:** The six-month ramping profile was chosen to provide a better incentive for developers to regularly assess their project viability and make timely decisions.

PCF Value Determination: The SME explained the methodology used to determine the PCF value, including the assumptions made and the use of real option analysis to quantify the value of the option to delay a decision.

- **Methodology Explained:** They explained the methodology used to determine the PCF value, including the assumptions made and the use of real option analysis to quantify the value of the option to delay a decision.
- **Assumptions Made:** The assumptions made in the analysis, such as the cost of financing the security and the duration for which the PCF would need to be secured.

Workgroup Consultation: The Workgroup reviewed the draft Workgroup Consultation document and Consultation questions for CMP448. The Chair outlined the next steps for the consultation, including the timeline for reviewing and editing the document, and the plan for finalising the consultation.

Alternatives Discussion: The Workgroup discussed potential alternatives to the Original Proposal, including an exemption for embedded projects and a regional approach. The Workgroup provided feedback and suggestions for further consideration. It was agreed that the potential alternatives would be included within the Workgroup Consultation for industry to provide any further views on these.

Next Steps

The Chair talked through the next steps which include:

- Query and Action log updates
- Finalise Workgroup Consultation

Actions

For the full action log, click here.

Action Number	Workgroup Raised	Owner	Action	Due by	Status
1	WG1	AA	NESO to confirm how 'offer date' will be defined when calculating M1 milestones for specific User Agreements. Will the 'offer date', be the original ATV offer date when	WG3	Open

			the Appendix Q was first introduced into a construction agreement or will it be the Gate 2 offer date.		
2	WG1	AA	Discuss with DNOS the proposed mechanism for passing PCF charges to embedded customers and ensure they fully understand the process	WG2/WG3	Open
3	WG1	AA	NESO to include an additional scenario on were Gate 2 to M1 is greater than 24 months, is possible for DCO offshore nuclear and novel with connections greater than five years between Great Gate 2 and completion.	WG2	Closed
4	WG1	AA	NESO to clarify if the new regime will be reflected and operated through the connection portal.	WG3	Open
5	WG1	JH	Amend the Terms of Reference and circulate to the Workgroup ahead of submitting to the CUSC Panel for approval.	WG3	Closed
6	WG2	AA	NESO to include a slide/discussion point for WG3 on the PCF duration (in relation to Query number 2)	WG3	Open
7	WG2	AA	NESO to confirm if there would be an additional period for industry consultation post the trigger threshold being met.	WG3	Open
8	WG2	AA	Produce further scenarios on when the PCF is triggered and the timeframe between the acceptance signature and the counter signature	WG3	Open

9	WG2	AA	NESO to provide comprehensive details of historical project attrition rates and the full details and respective calculations made and assumptions made regarding future attrition	WG3	Open
10	WG2	AA	Reword the definition of Queue Health to reflect the calculation of the metric and trigger	WG3	Open
11	WG3	AA	Update slides for the Workgroup Consultation to be explicit about terminated projects and attrition	WG4	Open
12	WG3	AA	Confirm if the TEC register can be updated to show projects that have withdrawn and their replacements, ensuring transparency for stakeholders.	WG4	Open
13	WG3	AA	NESO to share the models and update scenarios with financials	WG4	Open
14	WG3	AA	NESO to share the assumed distribution of projects in the future gate 2 queue that would be pre milestone one when they get their offer.	WG4	Open

Attendees

Name	Initial	Company	Role
Joe Henry	JH	NESO	Chair
Ren Walker	RW	NESO	Tech Sec
Claire Goult	CG	NESO	Tech Sec
Ash Adams	AA	NESO	Proposer

James Jackson	JJ	Orsted	Workgroup Member
Amy - Isabella Wells	AIW	NGET	Workgroup Member
Andrew Allan	AAL	RWE Supply and Trading GmbH	Workgroup Member
Andrew Enzor	AE	Field Devco Ltd	Workgroup Member
Kirsty Dawson	KS	Statkraft	Workgroup Member
Hannah Sharratt	HS	Electricity North West	Workgroup Member
Catherine Cleary	CC	Roadnight Taylor	Workgroup Member
Ciaran Fitzgerald	CF	ScottishPower Renewables	Workgroup Member
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member
Chris White	CW	Research Relay Ltd	Workgroup Member
Donald Fu	DF	Nat Power	Workgroup Member
Daniel Sanderson	DS	Nat Power	Workgroup Member
Garth Graham	GG	SSE Generation	Workgroup Member
Andy Colley	AC	SSE Generation	Workgroup Member
Grahame Neale	GN	Lightsource bp	Workgroup Member
Grant Rogers	GR	Qualitas Energy	Workgroup Member
Helen Stack	HS	Centrica	Workgroup Member
Jack Purchase	JP	NGED	Workgroup Member
James Stoney	JS	One Planet Developments Ltd	Workgroup Member
James Wylie	JW	EDF Renewables	Workgroup Member

Jamie McDougall	JMD	SP Energy Networks	Workgroup Member
Jingchao Deng	JD	EDP Renewables	Workgroup Member
Jonathan Whitaker	JW	SSEN Transmission	Workgroup Member
Khush Patel	KP	National Grid Ventures	Workgroup Member
Paul Smillie	PS	SP Energy Networks	Workgroup Member
Rob Smith	RS	ENSO Energy	Workgroup Member
Robin Prince	RP	Island Green Power	Workgroup Member
Sam Aitchison	SA	Island Green Power	Workgroup Member
Alix Weir	AW	Blake Clough Consulting	Workgroup Observer
Ben Clarke	BCL	Bute Energy Ltd	Workgroup Observer
Charles Williams	CW	Wind2	Workgroup Observer
Euan Norrington	EN	SSE Renewables	Workgroup Observer
Gethyn Howard	GH	Aggreko Energy Solutions Europe	Workgroup Observer
Sisi Spasova	SS	Elawan Energy	Workgroup Observer
Kyle Smith	KS	Energy Networks	Workgroup Observer
Johnathan Lister	JL	Accenture	SME
Maura Farrell	MF	Accenture	SME
Paul Mott	PM	ESP Consulting	SME
Paul Stefiszyn	PST	NESO	SME
Jo Greenan	JG	NESO	SME