

CMP448 Introducing a Progression Commitment Fee to the Gate 2 Connections Queue

Workgroup Meeting 10, 14 May 2025

Online Meeting via Teams

Welcome and Agenda

Agenda

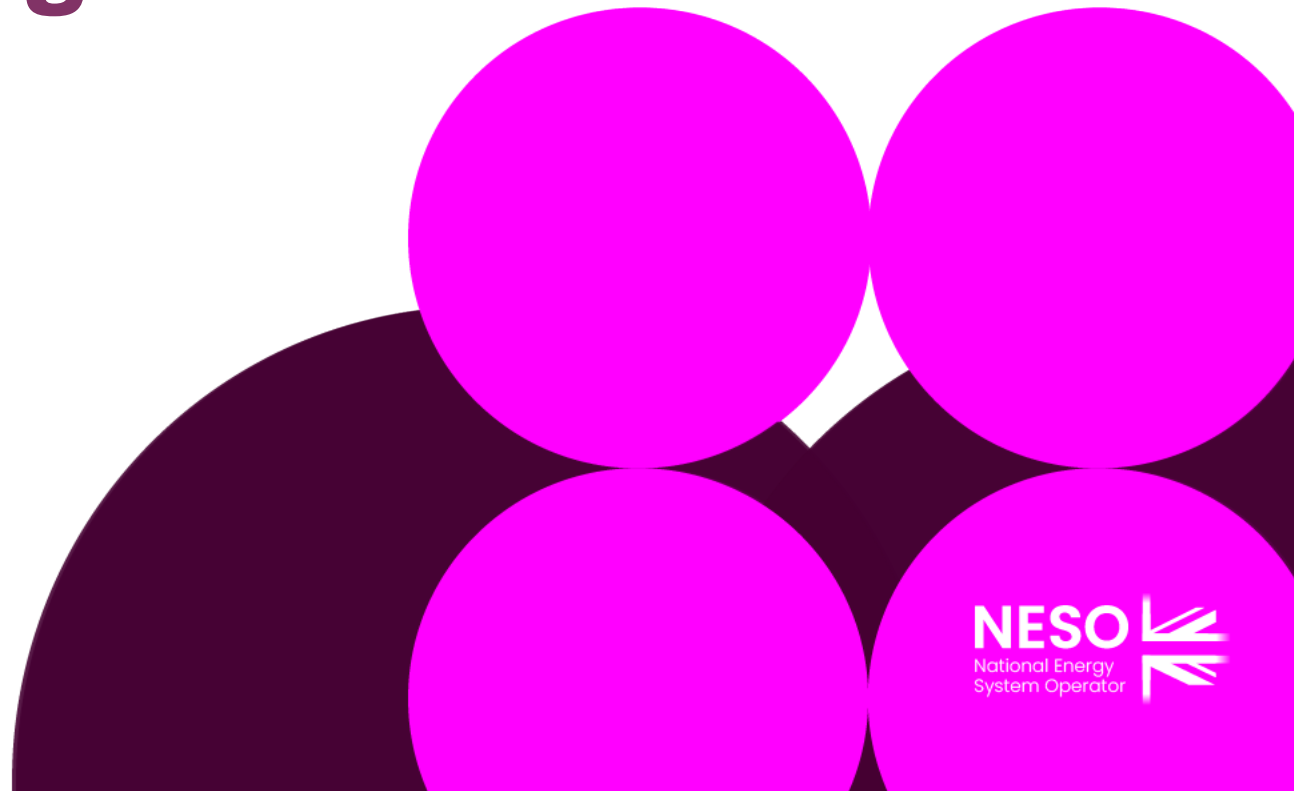
WG10

#	Topics to be discussed	
---	------------------------	--

- | | | |
|----|--------------------------------------|---------------------|
| 1. | Welcome and Agenda | Chair |
| 2. | Action and Query Logs | Chair |
| 3. | Island Green Power Alternative | Robin Prince |
| 4. | Alternative Vote | Chair |
| 5. | Legal Text | Proposer/NESO Legal |
| 6. | Future Workgroups/Any Other Business | Chair |
| 7. | Close | Chair |
-

Action and Query Logs

Workgroup Chair - NESO



Alternative – Island Green Power

Alternatives

Current Alternatives

Alternative Proposer	How Alternative Differs from the Original	Confirmed?	Alternative Number for Vote	WACM?
ENWL (1)	PCF without Trigger Metric	Yes	1	No
Innova	Reduces PCF value by a factor of 10	Yes	2	WACM1
Arven	Exclusion of Offshore Projects	Yes	3	No
Lightsource BP	"Simplified" GB Wide PCF	Yes	4	No
Scottish Power Renewables	Self Termination PCF Discount	Yes	5	WACM2
ENWL (2)	Embedded Exemption from PCF	Yes	6	No
NGED	PCF does not apply to projects within 18 months from the acceptance of a Gate 2 Offer	Yes	7	No
Island Green Power	Remove any reference to Queue Health, Trigger Metric and Trigger Threshold	Yes	8	TBC

What is the Alternative Request?

What is an Alternative Request? The formal starting point for a Workgroup Alternative Modification to be developed which can be raised up until the Workgroup Vote.

What do I need to include in my Alternative Request form? The requirements are the same for a Modification Proposal you need to articulate in writing:

- a description (in reasonable but not excessive detail) of the issue or defect which the proposal seeks to address compared to the current proposed solution(s);
- the reasons why you believe that the proposed alternative request would better facilitate the Applicable Objectives compared with the current proposed solution(s) together with background information;
- where possible, an indication of those parts of the Code which would need amending in order to give effect to (and/or would otherwise be affected by) the proposed alternative request and an indication of the impacts of those amendments or effects; and
- where possible, an indication of the impact of the proposed alternative request on relevant computer systems and processes.

How do Alternative Requests become formal Workgroup Alternative Modifications? The Workgroup will carry out a Vote on Alternatives Requests. If the majority of the Workgroup members or the Workgroup Chair believe the Alternative Request will better facilitate the Applicable Objectives than the current proposed solution(s), the Workgroup will develop it as a Workgroup Alternative Modification.

Who develops the legal text for Workgroup Alternative Modifications? NESO will assist Proposers and Workgroups with the production of draft legal text once a clear solution has been developed to support discussion and understanding of the Workgroup Alternative Modifications.

Can I vote? And What is the Alternative Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should become Workgroup Alternative CUSC Modifications.
- The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.
- **Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC objectives than the Original then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM)** and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

Can I vote? What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

Stage 2 – Workgroup Vote

- 2a) Assess the original and Workgroup Alternative (if there are any) against the relevant Applicable Objectives compared to the baseline (the current code)
- 2b) Vote on which of the options is best.

Alternate Requests cannot be raised after the Stage 2 – Workgroup Vote

Legal Text

Legal Text Approach

We have considered a number of different approaches for the legal text for CMP448 and propose the following approach, which will be subject to further checking as we refine the legal text:

- The Progression Commitment Fee (PCF) becomes part of the Cancellation Charge, as defined in CUSC and set out in Construction Agreements.
- The PCF will be built into the current User Commitment Methodology in CUSC Section 15 to align with existing processes for securities and liability.
- A new Part of Section 15 will be added to cover the PCF specific aspects of the User Commitment Methodology.
- No changes to existing contract templates or contracts.

With this pack we have circulated a first draft of CUSC Section 15.

The new definitions included in Section 11 are included in a table at the end of the Section 15 document for ease of reference.

Legal Text Approach

The legal text for the PCF can be broken down into the following different parts.

PCF Liability	Liability to pay the PCF once activated.*
PCF Security	Requirement to provide security for the PCF and provisions for security to be drawn on where appropriate. *
Trigger / Activation Process	NESO calculation of the Trigger/Activation Metric. Process following Trigger/Activation Threshold being met.
Activation Process (DNO role)	Requirement for DNOs to provide data to support Trigger / Activation process.
PCF calculation	The amount of PCF that the user is liable to pay, as it varies over time.
PCF ongoing administration (DNO role)	Requirement for DNOs to provide data to support ongoing administration of the PCF (post-activation).

* All of the provisions in CUSC for liability of the Cancellation Charge will apply to the PCF and the PCF will form part of the Cancellation Charge which must be secured against through existing security processes in CUSC Section 15.

Legal Text Approach

The proposed changes to the CUSC legal text for CMP448 are summarised below – see enclosed draft legal text:

Section 15 (User Commitment Methodology)	Part 1 – Add in PCF into introduction and summarise Part 5. Part 2 – Add PCF into relevant formulae for Cancellation Charge. Part 3 – Change formula for Cancellation Charge Secured Amount to acknowledge that the percentage reductions applied do not apply to the PCF. Part 4 – No change Part 5 (new) <ul style="list-style-type: none">• Introduction• Process for activation of the PCF• DNO information exchange (pre-activation of the PCF)• Calculation of the PCF• DNO information exchange (ongoing administration of the PCF)
Section 11 (Interpretation and Definition)	New definitions linked to the PCF.
Exhibit MM1 – Cancellation Charge Statement	Add in reference to PCF to be included following activation.
Exhibit MM2 – Cancellation Charge Secured Amount Statement	Add in reference to PCF to be included following activation.

Plan for Future Workgroups/A OB

Plan for upcoming Workgroup sessions

Workgroup Session	Date	Session topic	Topics to cover
Workgroup 7	30 April 2025 (today)	Securities, replacements & alternatives	<ul style="list-style-type: none"> • Overview of the PCF security will work • Updated position on replacements in the trigger metric • Discussion on alternatives
• Workgroup 8	• 07 May 2025	• Alternatives & Voting on WACMs	<ul style="list-style-type: none"> • Discuss questions raised from workgroup consultation • Discuss any further updates to the Mod Proposal • Vote on WACMs
Workgroup 9	12 May 2025	Confirm Original	
Workgroup 10	14 May 2025	Alternative Vote Legal text review part 1	
Workgroup 11	19 May 2025	Workgroup report first draft & legal text review	<ul style="list-style-type: none"> • Review Workgroup report • Review legal text
Workgroup 12	27 May 2025	Workgroup report & Workgroup Vote	<ul style="list-style-type: none"> • Finalize Workgroup report • Workgroup vote on what option they think is best