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Code Administrator Meeting

Summary

Workgroup Meeting 6: CMP448 Introducing a Progression Commitment Fee to the Gate 2 Connections Queue

Date: 16/04/2025

Contact Details

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

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

Key areas of discussion

The Chair outlined the meeting agenda, which included a review of the Workgroup Consultation themes, alternative proposals, and future Workgroup plans. Workgroup members were also advised that the next Workgroup would be held on 30 April due to availability of the Proposer and other Workgroup Members. It was agreed that another Workgroup would be added to the timeline at a later date to ensure enough time is dedicated to CMP448 and to align with the urgent timescales agreed with Ofgem.

The Chair provided an update regarding the approval of the TMO+4 modifications by Ofgem on 15 April 2025, acknowledging the substantial contributions of Workgroup members who had partaken in this process, noting that the consequential impacts on CMP448 are currently being assessed.

Action and Query Logs

The Workgroup reviewed the query log, addressing various queries related to Technology Specific Trigger Metric, DNO engagement regarding implementation, and project attrition data. Additionally, the action log was discussed, with several actions agreed to be closed.

Workgroup Consultation Review

The Chair provided a detailed analysis of the consultation feedback, emphasising that whilst there support for the proposal, there was also some opposition and constructive feedback. A total of 35 non confidential responses were received.

Standard Consultation Questions (Q2-Q5)

Workgroup members were advised that some responses raised concerns about the implementation approach questioning whether it adequately addresses the potential impacts on different project size. They highlighted the necessity for more comprehensive data to justify the

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proposal, particularly focusing on the impact on project viability and any unintended consequences.

Design of the PCF (Q6-Q11)

When summarising the feedback on fee duration the Chair noted that while some respondents agreed with the proposed duration, others had concerns about its impact, both on projects with longer lead times and upon smaller developers. Feedback on the profile and timing of the PCF was discussed, with a majority of respondents disagreeing with some elements of the current design and suggesting adjustments. The feedback received was on several different areas of the design as opposed to consistent themes on the same subject.

Methodology and Scoping (Q12-Q14)

The Workgroup was advised that a significant proportion of respondents disagreed with the Proposers' methodology regarding project safeguarding and associated assumptions made by NESO when conducting this safeguarding work. Concerns included issues with financing assumptions, nuances around technology types, and impacts on developers of different sizes.

An almost equal number of responses both supported and opposed the outlined scope of CMP448 Original. Supporters emphasised that it aligns well with existing user commitments. Opponents raised concerns about CP30 Alignment, and its impact on developers of varying sizes, also the lack of data related to the proposed defect.

Most responses favoured excluding demand projects from the scope of CMP448, observing that that these projects already face liabilities through preexisting CUSC arrangements, in particular the Final Sums methodology. However, some disagreed, suggesting that demand projects might benefit disproportionately from this approach.

Miscellaneous Questions (Q15-Q18)

A significant number of respondents felt that the proposal does not sufficiently address the interface with embedded and distribution-connected projects as it currently stands. Some responses indicated that that these projects should be excluded, as the issue primarily affects the transmission level. Concerns were also raised about the uncertainty the Progression Commitment Fee (PCF) introduces to these projects.

Respondents supported exploring the potential alternatives mentioned in the Workgroup. All alternatives received some approval, but Alternates 1, 2, 6, and 8 were the most favoured.

Planned NESO updates to the Original

The Proposer gave a verbal update on changes that they were considering to the Original proposal following consultation feedback, and noted that a more detailed presentation would be shared at the next Workgroup meeting.

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The Proposer added that currently some potential changes to the Original proposal are being considered. The first change is the removal of project replacements from the trigger metric. Primarily, the reasoning given for this is that it adds significant complexity to the solution, especially for the DNOs, as they would need to identify replacements for embedded projects.

The time required to find and identify suitable replacements may also be considered. This could mean that many replacements may not be found within the current time frame outlined in the proposal.

The other potential change being considered is related to projects that have fewer than six months remaining to reach their milestones. The proposal's amendments for accommodating these projects are under review.

Alternatives Discussion

The Workgroup undertook a detailed discussion regarding the potential alternatives presented during the Workgroup Consultation. Emphasising the importance of formally deciding which alternatives to advance, members who had potential new solutions provided an overview to the Workgroup.

During the workgroup, 4 different Alternatives were discussed with the Workgroup. The Proposers of these alternatives took feedback from the workgroup and will finalise these alternatives ahead of the next meeting.

Next Steps

Members wishing to raise an official Alternative were asked to submit them no later than Wednesday 23 April, in readiness to discuss at the next Workgroup on 30 April.

Actions

For the full action log, click [here](#).

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 the Appendix Q was first introduced into a construction agreement or will it be the Gate 2 offer date.	WG3	Closed
2	WG1	AA	Discuss with DNOS the proposed mechanism for passing PCF charges to embedded customers	WG2/WG3	Open

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			and ensure they fully understand the process		
3	WG1	AA	NESO to include an additional scenario on were Gate 2 to MI 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
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	Closed
11	WG3	AA	Update slides for the Workgroup Consultation to be explicit about terminated projects and attrition	WG4	Closed
12	WG3	AA	Confirm if the TEC register can be updated to show projects that	WG4	Open

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			have withdrawn and their replacements, ensuring transparency for stakeholders.		
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	Closed
15	WG6	JH	To revisit slide 10 of the pack, adjust and clarify with Workgroup.	WG7	Open
16	WG6	AA	Share legal view on cost reflectivity regarding the PCF charge with Workgroup.	WG7	Open
17	WG6	AA	Discuss with Ofgem the potential inclusion of demand projects in the PCF scope and bring their view to the next Workgroup.	WG7	Open
18	WG6	AA	Revisit the finance assumptions used in the safeguarding analysis, particularly the cost of equity and present an updated scenario.	WG7	Open
19	WG6	AA	Engage with DNO's to address the practicality of implementing the PCG for embedded projects and provide a details timeline of how it will work.	WG7	Open
20	WG6	AA	Add the query regarding what happens if MI termination is successfully challenged to the query log and provided an answer.	WG7	Open

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21	WG6	AA	Confirm with Ofgem whether they will conduct a consultation process before deciding on activation the PCF.	WG7	Open
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Attendees

Name	Initial	Company	Role
Joe Henry	JH	NESO	Chair
Deborah Spencer	DS	NESO	Tech Sec
Ash Adams	AA	NESO	Proposer
Alix Weir	AW	Blake Clough Consulting	
Alex Ikonic	AI	Orsted	Workgroup Member
Amy - Isabella Wells	AIW	NGET	Workgroup Member
Andrew Yates	AY	Statkraft	Workgroup Member
Kirsty Dawson	KD	Statkraft	Workgroup Alternate
Claire Hynes	CH	RWE Supply and Trading GmbH	Workgroup Member
Brian Hoy	BH	Electricity North West	Workgroup Member
Hannah Sharatt	HS	Electricity North West	Workgroup Alternate
Catherine Cleary	CC	Roadnight Taylor	Workgroup Member
Ciaran Fitzgerald	CF	ScottishPower Renewables	Workgroup Member
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member
Garth Graham	GG	SSE Generation	Workgroup Member
Andy Colley	AC	SSE Generation	Workgroup Alternate
Grant Rogers	GR	Qualitas Energy	Workgroup Member

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Grahame Neale	GN	Lightsource BP	Workgroup Member
Helen Stack	HS	Centrica	Workgroup Member
Jack Purchase	JP	NGED	Workgroup Member
Jamie McDougall	JMD	SP Energy Networks	Workgroup Member
Joe Colebrooke	JC	Innova	Workgroup Member
Johnathan Boateng	JB	Greenfield Energy Dev Ltd	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
Nina Sanghera	NS	Drax	Workgroup Member
Robin Prince	RP	Island Green Power	Workgroup Member
Rob Smith	RS	ENSO Energy	Workgroup Member
Sam Aitchison	SA	Island Green Power	Workgroup Member
Charles Williams	CW	Wind2	Workgroup Observer
Barnaby Cowin	BC	Nadara	Workgroup Observer
Catherine Speirs	CS	Nadara	Workgroup Observer
Joseph Martin	JM	SSE Renewables	Workgroup Observer
Sisi Spasava	SS	Elawan Energy	Workgroup Observer
Chris Warburton	CW	NESO	SME
Jamie Hardy	JH	Accenture	SME
Johnathan Lister	JL	Accenture	SME
Jo Greenan	JG	NESO	SME

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Maura Farrell	MF	Accenture	SME
Paul Mott	PM	NESO	SME
Alex Curtis	AC	NESO	SME