

Public

Special CUSC Panel

Monday 09 June 2025

Online Meeting via Teams

Public

WELCOME

Purpose of Panel & Duties of Panel Members

The **Panel** shall be the standing body to carry out the **functions** referred to in CUSC – Section 8 CUSC Modification (8.3.3)

The **Panel** shall endeavour at all time to operate:

- In an **efficient, economical and expeditious manner**, taking account of the complexity, importance and urgency of particular CUSC Modification Proposals; and
- With a view to ensuring that the CUSC facilitates **achievement of the Applicable CUSC Objectives**.

Duties of Panel Members & Alternates (8.3.4)

1.Shall act **impartially** and in accordance with the requirements of the **CUSC**; and

2.Shall not have any **conflicts of interest**.

Shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he/she was appointed as Panel Member and any Related Person from time to time.

Workgroup Report

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

Joe Henry (Workgroup Chair)

Summary of Solutions

Original Solution:

If approved, the proposal would introduce a Progression Commitment Fee (PCF) which, if activated, would place a financial incentive on developers to exit the connections queue in a timely manner should the developer lose confidence that its generation or interconnector project will ultimately connect.

The solution will remain dormant providing the issue of project non-progression in the connections queue, between acceptance of a project Gate 2 Offer and that project's progression to its Milestone 1 (which is based on the submission of planning consents), is not prevalent. This will be indicated by a defined "Activation Metric" and "Activation Threshold". If the Activation Metric exceeds the defined Activation Threshold, then the PCF may be activated. If the Activation Metric remains below the Activation Threshold, then the PCF will not be activated.

PCF initial value of £2,500/MW. For projects already in scope at the time of activation, the PCF will then increase at a rate of £2,500/MW at 6 monthly intervals (in line with the processes for the posting of existing Cancellation Charges securities) up to a maximum cap of £10,000/MW.

Summary of Solutions

Original Solution:

A User will be required to post a security for the total value of the applicable PCF £/MW for their project (as is required, currently, for other cancellation and termination charges – Note: this potential PCF liability, and its securitisation, is additional to those other charges).

If activated, the PCF will apply to those projects with either Transmission Entry Capacity (TEC), or Developer Capacity (DC) or Interconnector Capacity (IC) while they are between the acceptance⁴ of the project's Gate 2 Offer and that project's User Progression Milestone 1: Initiated Statutory Consents and Planning Permission.

If a project, then terminates or is terminated prior to successfully demonstrating achievement of Milestone 1 they will be required to pay the applicable PCF. If a project passes Milestone 1, then that project's liability to pay the PCF or securitise against it, falls away.

The PCF for projects where the M1 date is less than six months from the latter of either (i) the PCF activation date or (ii) the date of Gate 2 Offer counter-signature by NESO, will be £0.

Summary of Solutions

WACM1 Solution:

This Alternative solution reduces the magnitude of the Progression Commitment Fee (PCF) by a factor of 10 and introduces an initial period of up to six months where the PCF is £0/MW. After this initial grace period, a project's PCF will increase at a rate of £250/MW (rather than £2,500/MW) up to a maximum cap of £1,000/MW (rather than £10,000/MW). The Alternative would not change the "Activation metric" or "Activation threshold" set out in the Original solution.

WACM2 Solution:

This Alternative solution would introduce a discount of 75% if a User self-terminates, as opposed to being terminated by NESO or the Distribution Network Operator (DNO) upon failing to meet Milestone 1. In order to receive the discount, the User must notify NESO or the relevant DNO of the intent to self-terminate at least 90 days prior to the Milestone 1 date.

Workgroup Vote

Summary of Workgroup Vote:

The Workgroup did not reach a consensus on the best option. An equal number (8/23) of Workgroup Members voted for the Original and the Baseline as being the best option.

Option	Number of voters that voted this option as better than the Baseline
Original	8
WACM1	3
WACM 2	4

Terms of Reference

The Workgroup conclude that they have met their Terms of Reference, and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications	Page 16
b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter	Page 16
c) Consider the metric that will best reflect queue health	Pages 20–26
d) Consider the trigger threshold that will best reflect queue health.	Pages 27–30 and 47–49
e) Consider the expected impact on connection timelines.	Pages 30–33 and 59
f) Consider whether the period that the Progression Commitment Fee applies to, Gate 2 entry to Milestone 1, is appropriate.	Pages 17–20
g) Consider whether not applying the fee to all users will be duly or unduly discriminatory.	Pages 23–26

Terms of Reference

The Workgroup conclude that they have met their Terms of Reference, and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
h) Consider the impacts to distribution connected, embedded and directly connected projects of the implementation of a PCF	Pages 9; 24-27; 45-52; and 72
i) Consider whether the PCF would or would not incentivise efficient behaviours within the GB Connections Process	Throughout the report
j) Consider the form, value and operation of the PCF to ensure that the PCF best responds to the defect identified	Throughout the report
k) Consider whether the PCF should or should not take into account technology types and/or or regions in relation to queue health (in the context of ToR (c) and (d)); and which part of the whole GB Connections queue the PCF should or should not apply to	Pages 24-27; 45-52; and 72

CMP448 Asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **NOTE** the ongoing timeline

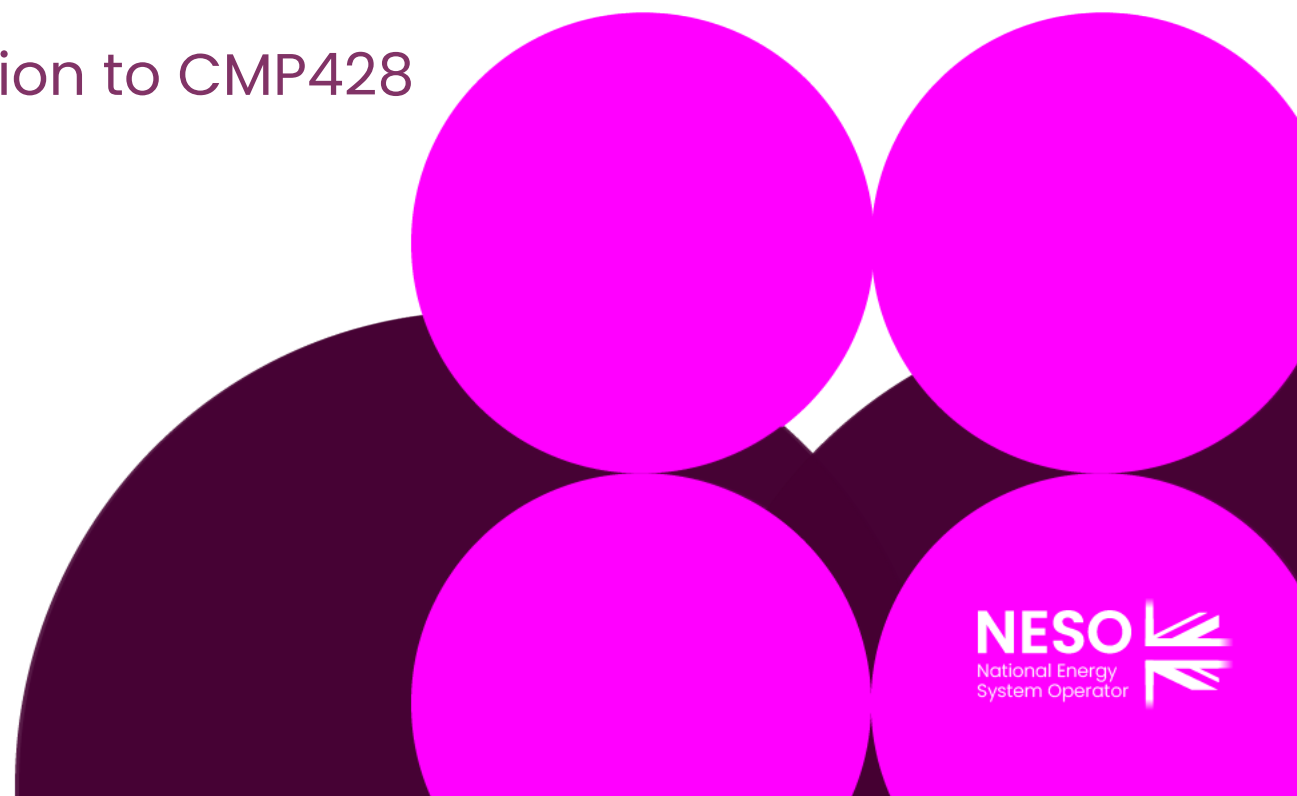
CMP448 Next Steps

Milestone	Date
Code Administrator Consultation (10 Business Days)	10 June 2025 to 24 June 2025 5pm
Draft Final Modification Report issued to Panel	30 June 2025
Draft Final Modification Report presented to Panel	04 July 2025
Final Modification Report issued to Panel to check votes recorded correctly	04 July 2025
Submission of Final Modification Report to Ofgem	04 July 2025
Ofgem decision date	19 August 2025
Implementation Date	Q4 2025

Governance Route Change: Urgency Request

Relates to CMP447: Follow on Modification to CMP428

Harvey Takhar/ Paul Mott, NESO



CMP447 Background

- This modification would remove Ofgem-designated strategic works from potential cancellation charges, and from securitisation of the same, if passed.
- It was presented to January Panel. It will not reach Ofgem until early in 2026 if it continues on its present path as a high priority modification.
- There are pre-commissioning Generators that are either already posting large securities in relation to their attributable works, which would be much less if this modification were passed, as these attributable works including ASTI (or LOTI) works - or which *will* face posting large securities absent this modification, from when Gate 2 offers begin to go out from October.

- Some of the contracts that already have ASTI/LOTI works included as liabilities (attributable works) are not necessarily large projects (e.g. 30MW BELLAs), and the ASTI/LOTI works can add a multiple to what they have to securitise.
- Some of the Generators already having to post excessive securities have told NESO they may cancel as these securities are so high, when (if you accept the logic of CMP447) they shouldn't be, and won't if it is passed.
- For this reason, the Proposer considers that the path for this modification needs re-consideration, and would like to request that Panel consider petitioning Ofgem for urgency.

Proposer's Justification vs Ofgem's Urgency Criteria

The Proposer recommends that this modification should now be treated as an Urgent Modification proposal and be assessed by a Workgroup to an appropriate timeframe.

Ofgem's Urgency Criteria	Proposer's Justification
a) A significant commercial impact on parties, consumers or other stakeholder(s).	<p>There are pre-commissioning Generators that are either already posting large securities in relation to their attributable works, which would be much less if this modification were passed, or which will face posting large securities absent this mod, from when Gate 2 offers begin to go out from October</p> <p>Some of the contracts that already have ASTI/LOTI works included as liabilities (attributable works) are not necessarily large projects (e.g. 30MW BELLAs) and the ASTI/LOTI works add a lot to what they have to securitise.</p> <p>Some of the Generators already having to post excessive securities have told NESO they may cancel as these securities are so high, when (if you accept the logic of CMP447) they shouldn't be, and won't if it is passed. There is no deadline to this in each instance, it is an ongoing possibility; it could impede our ability to achieve CP30 having projects cancel for this reason due to slow progress of CMP447.</p> <p>The above two paragraphs also explain why the mod relates to something "imminent" – on the high priority timeline, the mod could not be determined by Ofgem until after Gate 2 offers; it is not fast enough.</p>
b) A significant impact on the safety and security of the systems.	Not relevant
c) A party to be in breach of any relevant legal requirements	Not relevant

CMP447 Proposed Urgent Timeline

Milestone	Date	Milestone	Date
Modification presented to Panel (Urgency request)	09 June 2025	Code Administrator Consultation (10 Business Days)	19 September – 03 October 2025
Further Workgroup Nominations (5 Business Days)	09 June – 16 June 2025	Draft Final Modification Report (DFMR) issued to Panel (3 Business Days)	08 October 2025
Ofgem grant Urgency	13 June 2025 (5pm)	Panel undertake Recommendation Vote	14 October 2025
Workgroup 1 – 5 (assuming Ofgem have granted Urgency)	19 June 2025 26 June 2025 03 July 2025 10 July 2025 17 July 2025	Final Modification Report issued to Panel to check votes recorded correctly	14 October 2025
Workgroup Consultation (10 Business Days)	21 July – 04 August 2025	Final Modification Report issued to Ofgem	14 October 2025
Workgroup 6 – 10 – Assess Workgroup Consultation Responses and Workgroup Vote	11 August 2025 18 August 2025 26 August 2025 02 September 2025 09 September 2025	Ofgem decision	December 2025
Workgroup report issued to Panel (3 Business Days)	12 September 2025	Implementation Date	10 Business days after Authority decision
Panel sign off that Workgroup Report has met its Terms of Reference	18 September 2025		

CMP447 Asks of Panel

- **AGREE** that this Modification has a clearly defined defect and scope
- **AGREE** that this Modification should proceed to Workgroup
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **VOTE** whether or not to recommend Urgency
- **AGREE** timetable for Urgency
- **AGREE** Workgroup Terms of Reference
- **NOTE** next steps:
 - Under CUSC Section 8.24.4, we will now consult the Authority as to whether this Modification is an Urgent CUSC Modification Proposal
 - Letter to be sent to Ofgem 09 June 2025
 - Ofgem approval of Urgent treatment sought by 5pm on 13 June 2025
 - 1st Workgroup to be held 19 June 2025

Activities ahead of the next Panel Meeting

Modification Proposal Deadline for June Panel	12 June 2025
Panel Papers Day	19 June 2025
CUSC Panel	27 June 2025 Microsoft Teams

Close

Penny Garner

Acting Independent Chair, CUSC Panel