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CUSC Alternative and Workgroup Vote

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

Please note: To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

Stage 1 – Alternative Vote

If Workgroup Alternative Requests have been made, vote on whether they should become Workgroup Alternative CUSC Modifications (WACMs).

Stage 2 – Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

2b) Vote on which of the options is best.

Terms used in this document

Term	Meaning
Baseline	The current CUSC (if voting for the Baseline, you believe no modification should be made)
Original	The solution which was firstly proposed by the Proposer of the modification
WACM	Workgroup Alternative CUSC Modification (an Alternative Solution which has been developed by the Workgroup)

For reference the Applicable CUSC (non-charging) Objectives are:

- i. *The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;*

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- ii. *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- iii. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and*
- iv. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

** See Electricity System Operator Licence*

***The Electricity Regulation referred to in objective (iii) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.*

Workgroup Vote

Stage 1 – Alternative Vote

Vote on Workgroup Alternative Requests to 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 proposal 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.

"Y" = Yes

"N" = No

"-" = Neutral (Stage 2 only)

"Abstain"

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Workgroup Member	Alternative 1 ENWL Without Trigger Metric	Alternative 2 Innova Reduce OCF value by factor of 10- and 6-month grace periods	Alternative 3 Arven Exclusion of Offshore projects	Alternative 4 Lightsource BP Simplified GN wide PCF	Alternative 5 SPR Self termination PCF Discount. Applied 90 days prior to M1	Alternative 6 ENWL Embedded Exemption from PCF	Alternative 7 NGED PCF does not apply to projects within 18 months from the acceptance of a Gate 2 Offer
Ash Adams	Y	N	N	N	N	N	N
Alex Ikonic	N	Y	Y	N	Y	Y	Abstain
Amy - Isabella Wells	Y	Y	N	Y	Y	N	Y
Claire Hynes	N	Y	Y	Y	Y	N	Y
Andrew Enzor	Y	N	N	N	N	N	N
Kirsty Dawson	N	Y	Y	N	N	Y	Y
Barney Cowin	N	N	Y	N	Y	N	Y
Brian Hoy	Y	N	Y	N	N	Y	N
Kyle Murchie	N	Y	Y	N	N	Y	N
Ciaran Fitzgerald	N	Y	Y	N	Y	Y	Y
Dennis Gowland	N	Abstain	Abstain	N	Y	Y	Y
Andrew Colley	N	N	Y	N	Y	N	Y
Mireia Barenys	Y	N	N	Y	Y	N	N
Grant Rogers	Y	N	N	Y	Y	N	N
Helen Stack	Y	N	N	Y	Y	Y	Y
Jack Purchase	N	Y	Y	N	N	Y	Y
James Wylie	N	Y	Y	N	Y	Y	Abstain
Jamie McDougall	Y	N	N	N	Y	N	N
Joe Colebrook	N	Y	Abstain	N	Y	Y	Y

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Neil Bennett	Y	N	N	Y	Y	N	N
Rebecca Dean	N	Y	Y	N	N	N	N
Mpumelelo Hlophe	Y	N	N	N	N	N	N
Paul Youngman	N	Y	N	N	N	N	N
Paul Smillie	Y	N	N	N	Y	N	N
Rob Smith	N	Y	N	N	Y	Abstain	Abstain
Robin Prince	N	Y	N	N	Y	N	N
WACM?	-	WACM 1	-	-	WACM 2	-	
Date of Vote	07/05/25	07/05/25	07/05/25	07/05/25	07/05/25	07/05/25	07/05/25

Workgroup Member	Alternative 8 Island Green Power Proposes to remove any reference to Queue Health, Trigger Metric and Trigger Threshold	Workgroup Member	Alternative 9 EDF Renewables Maximum cap on Progression commitment Fee Liability
Ash Adams	N	Ash Adams	N
Alex Ikonic	N	Alex Ikonic	N
Amy - Isabella Wells	Y	Amy - Isabella Wells	N
Andrew Allan	N	Andrew Allan	N
Andrew Enzor	N	Kirsty Dawson	N
Kyle Murchie	N	Barney Cowin	Y
Ciaran Fitzgerald	Y	Brian Hoy	N
Dennis Gowland	Y	Ciaran Fitzgerald	N
Andrew Colley	Y	Garth Graham	Y

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Mireia Barenys	Y	Grahame Neale	N
Grant Rogers	Abstain	Grant rogers	N
Helen Stack	N	Helen Stack	N
Jack Purchase	N	Jack Purchase	N
James Wylie/Kimbrah Hiorns	Y	Kimbrah Hiorns	Y
Jamie McDougall	N	Jamie McDougall	N
Joe Colebrook	N	Joe Colebrook	N
Jonathan Whittaker	N	Jonathan Whittaker	N
Khush Patel	N	Andy Dekany	Y
Paul Youngman	N	Nina Sanghera	N
Paul Smillie	N	Paul Smillie	N
Rob Smith	Y	Sam Aitchison	N
Robin Prince	Y	-	-
WACM?	-	WACM?	-
Date of Vote	14/05/25	Date of Vote	27/05/25

Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

ACO = Applicable CUSC Objective

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Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Ash Adams – NESO				
Original	Y	Y	Neutral	Y	Y
WACM 1	Y	Y	Neutral	Y	Y
WACM 2	Y	Y	Neutral	Y	Y

Voting Statement:

We believe that the proposal will introduce a solution that will monitor queue health, and if necessary, will introduce arrangements that will accelerate the connection of readier and more viable projects. As a result, we believe that it will ultimately further relevant objectives 1, 2 and 4. We believe the proposal will have no impact on objective 3. When compared to the baseline, we believe that WACM1 will also have a positive effect on these same objectives as it offers similar behavioural incentives, though likely to a far lesser degree than the original. WACM2 could also provide benefits over the baseline for the same objectives, for the same reasons, but we are concerned that the discounting aspect for terminating or reducing early based on the point that the termination or reduction process is started, rather than completed, may have the potential to cause issues with its practical implementation.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	James Jackson – Ørsted				
Original	N	N	N	N	N
WACM 1	N	N	N	N	N
WACM 2	N	N	N	N	N

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Voting Statement:

I do not believe that any Option is better than the Baseline against the applicable CUSC Objectives.

The risks of introducing the Project Commitment Fee (PCF) – as per the Original, WACM1 and WACM2 – outweigh the perceived potential benefits. In particular, I believe the PCF have a negative impact against Objective B and could act to reduce competition, then leading to higher costs for consumers as investors will ‘bake in’ the additional cost of the risk (whether or not the PCF is eventually activated).

The urgent nature of this modification has meant there has been limited time to conduct a detailed impact assessment of introducing the PCF; while I appreciate NESO have undertaken a consumer impact analysis, in my view this has not included a thorough assessment of the risks.

Furthermore, given that the defect is not yet established, there is a significant risk that proposal sets the bar at the incorrect level for the PCF to be triggered. This could lead to a number of unintended consequences, which have not been fully assessed.

In addition, several elements of the proposal mean it is blunt tool, which could result in incentivising lower quality planning applications or for projects to wait longer before engaging with the grid connections process – which will lead to longer build out times and put Clean Power 2030 targets at risk. These elements include:

- The trigger threshold not being linked to the number of projects contributing to the metric; in practice meaning the threshold can be met by a few large-scale projects. I do not consider this adequately representative of queue health (i.e. it does not indicate the prevalence of stalled or unviable projects in the queue).
- Removal of replacements. My view is that some degree of termination (or reduction) of capacity is to be expected at the stage between Gate 2 offer (land secured) to M1 (planning submitted). While the concept of replacement would have gone some way to alleviate this issue, I

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acknowledge it was too complex to be developed further in the compressed timelines for this modification.

- Furthermore, very limited provisions for exemptions have been considered in this modification – for example, instances where the developer cannot meaningfully assess the viability of their project early on due to things outside of their control such as a) requirements to undertake a certain number of surveys meaning they cannot submit M1 earlier or b) where information has not been supplied by the network companies in a timely manner. The PCF proposal also does not consider the impact on projects which already face high securities and liabilities; the PCF would be an additional financial exposure for them where they already have incentive to consider the viability of their projects – but may ultimately need to terminate or reduce capacity through no fault of their own.

Of the proposals brought forward, WACM1 would be the least damaging to the industry other than the Baseline, but overall, my view is that the justification for the PCF proposal, in its current form, has not been sufficiently comprehensive and the benefits remain conceptual while the risks are tangible.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Amy-Isabella Wells – NGET				
Original	Neutral	Y	Neutral	Neutral	Y
WACM 1	Neutral	Y	Neutral	Neutral	Y
WACM 2	Neutral	Y	Neutral	Neutral	Y

Voting Statement:

NGET support principles within all options, believing they all marginally improve competition. The WACMs could potentially add layers of unnecessary complexities post-reform, therefore, we also recommend that arrangements

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are monitored for at least a year after implementation, to ensure they've had the desired impact and haven't inadvertently created connections market distortions.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Andrew Allan – RWE Supply & Trading GmbH				
Original	N	N	Neutral	N	N
WACM 1	N	N	Neutral	N	N
WACM 2	N	N	Neutral	N	N

Voting Statement:

It is both inappropriate and inefficient to codify a solution which is not demonstrably required, and where there is insufficient data available to rigorously design it. The mechanism may never be required. While there may be some incentive created for some projects to proactively leave the queue earlier, we believe this is marginal in comparison to the impact of Queue Milestones, and significantly outweighed by the fact that the solution is poorly designed, introduces anti-competitive and penal cost burdens on developers, with a lack of consideration of external factors including the planning process, and associated interdependencies. Further, there is a discriminatory effect towards smaller projects in relation to the PCF liability, and to longer lead time projects in relation to financing the required cancellation charge secured amounts and the relative risk burden carried. The change proposal would also introduce new risks & costs for projects which cannot be wholly mitigated by their own actions. And through anticipated increases to cost of capital and project risk premiums, it is reasonable to expect a resultant real and direct increase in cost to the consumer, with unclear and uncertain upside potential. Additionally, the proposal introduces substantial administrative burdens for all network owners and operators as well as, if activated, all generators.

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Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Andrew Enzor – Field Devco Ltd				
Original	N	N	Neutral	N	N
WACM 1	N	N	Neutral	N	N
WACM 2	N	N	Neutral	N	N

Voting Statement:

The Original and all WACMs are highly unlikely to better facilitate the objectives. They would only do so if the underpinning assumptions on queue health are correct (i.e. that the only period of the queue where issues emerge post CMP434 is between Gate 2 and M1).

Even if that does outturn, the incentives created by all CMP448 solutions are unlikely to better facilitate the objectives in the round. They continue the trend of over-focus on planning as the only marker of project development initiated in CMP435, which creates perverse incentives for developers to submit early planning applications. Responsible developers address risks to buildability and financial viability of a site in order of materiality, only submitting a planning application once other risks have been addressed. This leads to higher quality planning applications and reduces burden on planning authorities in progressing poor applications for projects which go on to be unviable due to buildability or financing issues. CMP448 would mean that the perverse incentives created by CMP435 would continue in the enduring solution, by encouraging developers to submit planning applications as soon as possible, to avoid the PCF.

Issues with queue health post CMP434 are likely to arise, as with implementation of any major reform programme. NESO should conduct ongoing assessments of queue health following implementation of CMP434 and bring forward appropriate measures to resolve any issues identified as

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soon as they become apparent. CMP448 is based on speculation on which period of the queue may be the least “healthy” and is so long-dated as to be meaningless – if queue health issues do arise, another CUSC modification should simply overwrite the PCF before it is ever activated.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Kirsty Dawson – Statkraft				
Original	N	N	N	N	N
WACM 1	N	N	N	N	N
WACM 2	N	N	N	N	N

Voting Statement:

We are off the belief that queue management milestones have not had subsequent time to embed and take effect. In a period within the industry where there is uncertainty (including around investor confidence), we see this as a further barrier/penalty to development of renewable projects required.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Steffan Jones – Electricity North West				
Original	Y	Y	Neutral	Y	Y
WACM 1	N	N	Neutral	N	N
WACM 2	Y	Y	Neutral	Y	Y

Voting Statement:

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ACO (i)

The original and WACM2 create an incentive for projects to leave the queue earlier than they would without the modification. This will allow other projects to be brought forward and connect earlier. The significant reduction of the PCF in WACM1 has the effect of diluting the incentive properties and we do not therefore believe it will instigate behavioural change.

ACO (ii)

The original and WACM2 create an incentive that will remove potential blockers and therefore allow other more viable projects to progress more quickly. The significant reduction of the PCF in WACM1 has the effect of diluting the incentive properties and we do not therefore believe it will support this objective.

ACO (iii)

All three are neutral against this objective.

ACO (iv)

The Original will help accelerate the removal of unviable projects from the connections queue and therefore reduce the inefficiency associated with the administration of them.

WACM1 adds a lot of new processes and bureaucracy to CUSC processes but with little incentive properties due to the low value of the PCF.

WACM2 adds an extra element to the Original which tries to incentivise a desirable behaviour of self-termination or TEC reduction which does mean that the formal termination of projects is avoided. However, the mechanism does result in an effect of potentially undermining the Original solution. WACM2 allows a developer to wait and then self-terminate the 90 days before their M1 milestone and thereby reduce their liability to a level at or lower than if they had been terminated within 6 months of activation.

Overall, the Original and WACM2 are supported. The Original is preferred solution.

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Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Catherine Cleary – Roadnight Taylor				
Original	N	N	N	N	N
WACM 1	N	N	N	N	N
WACM 2	N	N	N	N	N
Voting Statement: We do not believe that either the original proposal or WACMs better facilitate any of the CUSC objectives, as all of these options seek to introduce a complex set of CUSC changes and administration burden, prior to the specific defect being observed. We also believe the original and both WACMs place additional financial risk burden on projects which are progressing and do not demonstrate an overall benefit to consumers.					

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Rosemary McInnes – ScottishPower Renewables				
Original	Y	Y	Neutral	Y	Y
WACM 1	Y	Y	Neutral	Y	Y
WACM 2	Y	Y	Neutral	Y	Y
Voting Statement: We support the PCF as an additional tool which can be used to help NESO/industry meet the CP2030 plans. We support the amendments that were made to the original with respect to the Financial Instrument which was previously floated.					

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Our view is that the original and both WACMs are fundamentally similar in the way that they compare against the baseline, but the amendments mean they could be compared favourably against each other against the objectives.

ACO i – We agree with the proposer’s assertion that this mechanism allows NESO to active a PCF when it appears to be required, and that this will enable more viable projects to be connected quicker It allows for more efficient and co-ordinated design by ensuring that only viable projects are captured in design and build plans. This is the same for both WACMs.

ACO ii – The PCF has the potential to help create a more efficient and appropriately subscribed connections queue, which will encourage competition as there will be less risk of significant delays, and greater short-term incentives for those viable projects who can secure a grid connection (by being ready and needed). This is the same for both WACMs.

ACO iii – We do not believe the original or WACMs impact on this OCA

ACO iv – We agree with the proposer’s assertion that the PCF will accelerate the removal of unviable projects, and therefore create more efficiency in the administration of the CUSC by reducing waste through the administration of unviable projects. This is the same for both WACMs.

Preference – We believe that WACM2 strikes the best balance by:

- i) creating efficiency in the process through retaining the full PCF security required, which facilitates better performance against ACO i and ACO iv, in line with the Original
- ii) better facilitates ACO ii as it increases competition by reducing the risk of deterring viable projects from joining the Gate 2 queue. Under WACM2, these potentially viable projects would be more likely to accept the risk of the PCF with the self-determination discount available.

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Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Dennis Gowland – Research Relay Ltd				
Original	Neutral	N	Neutral	Neutral	N
WACM 1	Neutral	Y	Neutral	Neutral	Y
WACM 2	Neutral	Y	Neutral	Neutral	Y

Voting Statement:

The Original is more likely to act as a barrier to valid projects than to deter stalled projects. All projects –especially smaller scale (less than say 100MW) – will feel that they will have to cover the likelihood of the PCF being activated from the get –go after Gate 2 and once (if) Ofgem approves it, rather than wait for PCF Activation. That means (for a 100MW project) adding £1m (in securities) to the DEVEX of the project to cover the max 10,000/MW that may be invoiced should the project fail to put in a valid Planning Application within the timeframe (stated at Gate 2). Even if the project makes this and gets a refund of its security it may well have to fund this for 2 –3 years on top of the landowner lease costs, environmental studies (including possible annual bird surveys x 1–3 years??), and all the other pre-planning and consultant costs. For a 'community' scale project, say, of 30MW the outlay on securities would still be up to £300,000. That could be 25%–33% of the preplanning costs (on top).

Projects that are spending money could risk running out and having to return to funders with an uncertain outcome for an otherwise valid project. This would be especially true for projects which made no contingency for the PCF, instead, relying on it not being activated.

In summary this proposal seems more like an imposition across the board rather than an encouragement to behave well in terms of the queue.

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WACM1 -10% of the PCF values of the Original - uses the same method for determining if the PCF is activated. Much smaller 'stick' and larger players may well not be encouraged to leave the queue for risky projects at this level. However for smaller (including embedded) projects £30,000 set by against securities for a 30MW project may well be doable, - given they would be spending money to reach the M1 goal of planning application and could still survive if the planning got delayed because of (for example) another year of bird studies required.

WACM2 - as Original in all ways but with a 75% discount on the eventual invoice if the project was self -terminated or TEC reduced at least 90 days before the M1 deadline. Projects would still need to post securities for the full amount as in the Original (thus up to £1m for a 100MW project). To my mind this would have little relief for smaller projects/non portfolio scale as the problem of posting large securities would remain. For larger players who could use their credit status to post -they could hang around until 91 days prior to M1 and not get hurt much.

Overall - it is a close run decision between Baseline and WACM1 as Best, but we have gone for WACM1 as it is less damaging for smaller players in that it avoids large increases in DEVEX , when Section 15 securities, including PCF, are taken into account. WACM1 would still send signals to those in Gate 2 - M1 so may be better than Baseline for that reason.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Andrew Colley - SSE Generation				
Original	Y	Y	Neutral	Y	Y

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WACM 1	Y	Y	Neutral	Y	Y
WACM 2	Y	Y	Neutral	Y	Y
Voting Statement: No statement provided.					

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Helen Stack – Centrica				
Original	Y	Y	Neutral	Y	Y
WACM 1	N	N	Neutral	N	N
WACM 2	Y	Y	Neutral	Y	Y
Voting Statement: I believe the Original and WACM2 both better facilitate ACOs (i), (ii) and (iv), agreeing with the reasoning presented by the Original Proposer. For both the Original and WACM2 , the key benefits I want to highlight against the ACOs are: ACO (i) – helps NESO act quicker to address issues with queue health, if non-viable projects risk blocking the connection of the readier and more viable ones needed to contribute to net zero targets. ACO (ii) – allows NESO to deploy the PCF as an additional tool to speed up the connection of viable projects, thereby facilitating competition in electricity generation. ACO (iv) – if triggered, by encouraging early self-removal of non-viable projects, the Proposal will allow relevant Licensees to focus resources on progressing the connections of viable, ready and needed projects.					

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I believe that the intent of **WACM2** has the potential to drive greater efficiency in the process, over and above the Original, by creating an incentive to terminate at an earlier opportunity and will be giving further consideration to its benefits during the Code Administrator Consultation.

The level of discount in **WACM1** results in WACM1 failing to address the defect meaningfully. Any relative minor benefit from WACM1 would be outweighed by the 'costs' of implementation.

At the point of voting, I believe the **Original** is the better solution due to the additional complexity of WACM2. I do however support the intent of WACM2. For the Code Administrator Consultation, I will be re-considering the merits of WACM2 with colleagues in the business, and whether it should become our preferred choice.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Jack Purchase – National Grid				
Original	N	N	N	N	N
WACM1	N	N	N	N	N
WACM2	N	N	N	N	N

Voting Statement:

We do not believe the defect stated by the proposer exists, as such we do not believe that the PCF is necessary and will have a negative impact on smaller developers. As such the baseline is our preferred option. Of the options including the PCF our belief is that WACM1 is the best option.

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Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Kimbrah Hiorns – EDF Renewables				
Original	Y	N	Neutral	Neutral	N
WACM 1	Y	Y	Neutral	Neutral	Y
WACM 2	Y	N	Neutral	Neutral	N

Voting Statement:

Although we appreciate the principle of the PCF and agree with the overall aim of CMP448, we cannot support the proposal without the amendments put forward under WACM1. Our votes that the Original and WACM2 are negative against ACO (ii) is based on the punitive impact we believe the proposal has on Offshore Wind being anti-competitive and presenting a significant risk to the Government's Clean Power and Net Zero goals. Offshore Wind projects are expected to spend significantly longer in the PCF window (Gate 2 offer to M1) than other project types, with CMP434 and CMP435 allowing up to 5 years to reach M1, compared to 2–3 years for other projects. This means these projects are more likely to hit the maximum £10,000/MW PCF and will be required to carry the cost of posting PCF security at the maximum level for a prolonged period of time. This is exacerbated in the context of the significant financial commitments required under CE/CES lease option agreements, higher DEVEX during this period and S-curve liabilities for offshore projects already likely to be very high. The PCF needs to be considered within this context to ensure it does not impede offshore projects gaining investment moving through the initial periods of development. The maximum PCF of £1,000/MW set out under WACM1 still incentivises projects to progress and to leave the connection queue if they are unviable, whilst not being at a scale which poses a punitive impact to Offshore Wind carrying the cost over a longer period of time. More broadly across technology and scale, we also believe a PCF at the magnitude set out in WACM1 strikes a better balance of incentivising unviable projects to leave the queue, whilst not presenting an undue burden on projects.

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We support the solution outlined by WACM2 and believe a discount on the PCF due as a result of self-termination is appropriate and strengthens the intention of CMP448, we believe it furthers its positive impact on ACO (i). However, we cannot support WACM2 overall as the punitive impact on Offshore Wind of the Original still remains under this alternative.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Jamie McDougall – SP Distribution/MANWEB SP Energy Networks				
Original	Y	Y	Neutral	Y	Y
WACM 1	Y	Y	Neutral	N	N
WACM 2	Y	Y	Neutral	N	N

Voting Statement:

ACO (i): Given we acknowledge the creation of the potential defect whereby a developer may accept a Gate 2 offer and then not, in a timely manner, progress to initiating planning permission, we are of the opinion that both the Original proposal and WACM1 and WACM2 better facilitate applicable CUSC objective (i). The implementation of each of these proposals would arguably allow for connections to be delivered more quickly by ensuring that only those most committed to development retain a position in the queue between Gate 2 offer acceptance and initiating planning permission. At this point in the development cycle, developers will reserve capacity and so measures to encourage only committed developers to reside at this point in the queue are supported.

ACO (ii): Again, all three proposals aim to address the potential defect whereby developers accept a Gate 2 offer and do not progress in a timely manner to initiating planning permission – this defect would hinder competition in the distribution of electricity. Given all three proposals arguably encourage removal from the queue, and or incentivise developers not to reside in the

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queue between Gate 2 and initiating planning permission if they are not committed to progressing, we believe all three proposals promote competition in the distribution of electricity and therefore better facilitate applicable CUSC objective (ii).

ACO (iii): Neutral

ACO (iv): We believe the original proposal promotes efficiency in the implementation and administration of the CUSC. We are of the opinion that WACM1 proposes a Progression Commitment Fee that may be set at such a level, for embedded projects specifically, that it dilutes the proposal and may result in inefficiencies. We remain unconvinced that the cost of implementation and application would be outweighed by the benefits of the relatively low Progression Commitment Fee proposed. We are of the opinion that WACM2 dilutes the benefits of the original proposal and may create inefficiencies in the implementation and administration of CUSC arrangement given the inclusion of the option for the developer to signify intent to reduce capacity and receive a discount based on a lower capacity for which they do not hold a contracted position. Networks will not be able to make informed decisions on capacity allocation based on in-flight mod-apps and so we are of the opinion that intention alone should not allow developers to be eligible for a discount on PCF.

Stage 2(b):

Overall SPM/SPD are of the opinion that the Original Proposal better facilitates CUSC objectives when compared to WACM1 and WACM2.

Workgroup Member	Better facilitates ACO (i)		Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Joe Colebrook - Innova					
Original	N	N	Neutral	N		N

Public

WACM 1	N	N	Neutral	N	N
WACM 2	N	N	Neutral	N	N

Voting Statement:

Innova does not support the Original Proposal or any of the alternative proposals. Innova do not believe there is still a defect with the connections queue as outlined by the Propose and we would prefer to keep the Baseline i.e. existing code.

CMP435 will remove a significant number of projects from the connections queue, and it will be aligned with the Clean Power 2030 Action Plan. The projects still in the connection queue will be required to comply with ongoing queue management milestones and the Gate 2 Criteria Methodology, and Innova believe this will significantly reduce the impact of unviable projects not self-terminating. Innova believe new projects will need to be developed over the next decade to allow the UK to meet the Clean Power 2030 plan and Net Zero. At a time when an increase in new projects will be required to replace stalled or unviable projects within the Clean Power 2030 plan, the Progression Commitment Fee (PCF) will create a significant barrier to entry and be a deterrent to new projects entering the connections queue. This will make it more difficult to deliver the Clean Power Plan 2030 and Net Zero and would, therefore, be negative against Objective i).

Fewer renewable energy projects will be developed, and it increases barriers to entry for new entrants, particularly Small and Medium Enterprises (SMEs), to the market. The PCF increases the barrier to entry for new projects, particularly when they are considered at most risk of failure. The introduction of the PCF will reduce innovation, reduce risk-taking, and therefore reduce the competitiveness of supply in the UK. The PCF has the potential to stop the development of viable projects at an early stage of development because the risk/reward for investment is too great. It will reduce competition in the supply of electricity and would, therefore, be negative against objective ii).

Public

CMP448 does not have an impact on the compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency and is therefore neutral against Objective iii).

PCF partially duplicates User Commitment and Final Sums and will add a significant administrative burden to NESO and the connecting projects. Therefore, it is negative against objective iv).

Although CMP448 is not a charging modification, Innova believe the charges are not cost-reflective of the cost of failed projects to the electricity networks, which is a serious concern which Ofgem should take into consideration in addition to the CUSC objectives.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Emily Fare – SSEN Transmission				
Original	Y	Neutral	Neutral	Y	Y
WACM 1	Neutral	Neutral	Neutral	N	N
WACM 2	Y	Neutral	Neutral	Y	Y

Voting Statement:

I believe that the Original and WACM2 both better facilitate the applicable objectives than the baseline. The proposals, if approved, could allow projects that are more ready to connect to be able to progress quicker.

Objective (i)

I believe that the Original Proposal and WACM 2 better facilitate Objective (i) than the baseline. Should the PCF be activated it could incentivise unviable projects to exit the queue and so enable quicker connection of projects that are more ready to connect. By introducing a discount for customers that self-

Public

terminate WACM2 could offer additional incentive for unviable projects to exit the queue.

Objective (ii)

The Original Proposal and WACM2 could facilitate effective competition by implementing a framework that could incentivise unviable projects to leave, and disincentivise unviable projects from joining the connections queue. Although the proposal could improve the competition element, it could lead to unintended consequences, for example potentially disadvantaging some viable projects. In particular, smaller and community projects, as the overall increase to financial commitments will have a relatively larger impact on them.

Objective (iii)

Neutral

Objective (iv)

I believe that the Original Proposal and WACM2 can help promote efficiency in the implementation and administration of CUSC arrangements. The PCF could incentivise unviable projects to leave the connections queue. Should this capacity then be reallocated to a more viable project (or projects) it would allow more efficient utilisation of assets and investment.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Khush Patel – National Grid Ventures				
Original	N	N	N	N	N
WACM 1	N	N	N	N	N
WACM 2	N	N	N	N	N
Voting Statement:					

Public

We do not believe that the Original Proposal or either WACM has the potential to better facilitate the applicable CUSC Objectives.

When considering the broader TMO4+ reforms, it is still uncertain whether the defect identified by NESO – where projects in the new Gate 2 queue fail to progress but remain – will persist after implementation of Connections Reform. While we appreciate the detailed modelling, scenarios, and assumptions provided, these are based on pre-TMO4+ data and inherently subjective forecasts, which can be misinterpreted to suggest a higher likelihood of a positive impact of this change. We believe it would be more prudent to wait for actual progression data from 2026 and 2027 to assess the necessity of a Progression Commitment Fee (PCF) and to design an appropriate solution based on real data.

In our view, implementing the PCF could result in unintended consequences that could hinder progress towards achieving the ambitious CP2030 targets. Specifically, we believe that the barrier to entry created by the PCF will discourage new connections.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Mpumelelo Hlophe – Fred Olsen Renewables				
Original	Y	Y	Neutral	Neutral	Y
WACM 1	Y	Y	Y	Y	Y
WACM 2	Y	Y	Y	Y	Y
Voting Statement:					
No statement provided.					

Public

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Nina Sanghera - Drax				
Original	Y	Y	Neutral	Y	Y
WACM 1	N	Y	Neutral	Y	N
WACM 2	Y	Y	Neutral	N	Y

Voting Statement:

Drax is supportive of addressing the critical issue of grid connection delays. The following points provide our views on whether the original proposal, WACM1 and WACM2 better facilitate the CUSC objectives:

AO (i): While the introduction of a progression commitment fee acts as an additional barrier, we are uncertain on whether this mechanism will achieve the overall objective. Furthermore, there is limited evidence that this mechanism alone will significantly expedite connections for viable projects. Neither WACM1 nor WACM2 are considered to better facilitate AO(i). WACM1's proposal to reduce the PCF by a factor of 10 is deemed insufficient to create a barrier for projects not progressing in the queue.

AO (ii): Introducing a barrier to entry: CMP448, by introducing a financial barrier, is seen to positively influence AO (ii) by enhancing competition, enabling faster rates of delivery, and leading to net zero benefits. This is because it discourages speculative projects, freeing up capacity for committed projects. We believe that WACM2 may have marginal benefits over the baseline however, this WACM does have elements of ambiguity that may encourage certain behaviour. This could be justified as it alleviates the harsher consequences proposed in the original.

AO (iii): The original proposal and WACM1/WACM2 have no identified impact on AO (iii), meaning they neither better nor worse facilitate this objective related

Public

to compliance with Electricity Regulation and other legally binding decisions and therefore are considered as neutral to the baseline.

AO (iv): The original proposal, in comparison to the baseline, necessitates developers paying a fee if their projects do not progress. While this could potentially introduce some administrative complexity, we believe that exploring a further step of a discount for non-progression would be an unnecessarily complex administrative burden. Therefore, the original proposal and WACM1 is seen as having a relatively neutral or slightly positive impact on AO (iv) by avoiding excessive administrative complexity.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Paul Smillie – SP Transmission – SP Energy Networks				
Original	Y	Y	Neutral	Y	Y
WACM 1	Y	Y	Neutral	N	N
WACM 2	Y	Y	Neutral	N	N

Voting Statement:

ACO(i): SPT acknowledges the potential defect that each proposal aims to address. We believe that these proposals will prevent less viable projects from clogging the queue, thereby benefiting more viable projects. This approach will help achieve net zero more efficiently by enabling quicker connections for viable projects, fostering a more efficient and coordinated network design, and ensuring that transmission works are delivered more effectively. In our view, the Original proposal, WACM1, and WACM2 better facilitate applicable CUSC objective (i). However, we feel that WACM1 and WACM2 would dilute the benefits of the Original proposal, reducing the efficiency with which NESO can discharge its obligations.

Public

ACO (ii): Competition for the distribution of electricity is hindered by less viable projects holding up more viable ones in the queue. By incentivising the removal of these barriers, we can help connect viable projects more quickly. In our view, the Original proposal, WACM1, and WACM2 better facilitate applicable CUSC objective (ii). However, we believe that both WACM1 and WACM2 would dilute the benefits of the Original proposal, to the detriment of competition.

ACO (iii): Neutral

ACO (iv): By encouraging the removal of unviable projects, the Original proposal will positively impact the efficiency of implementing and administering the CUSC arrangements by eliminating unnecessary administrative burdens on industry parties. We believe that the Original Proposal will better facilitate applicable CUSC objective (iv). However, we feel that WACM1 & WACM2 have the potential to create inefficiencies.

We believe that WACM2 will dilute the benefits of the Original Proposal and will not effectively encourage some developers to expeditiously remove themselves from the queue. Furthermore, signal of intent for a developer to reduce capacity has the potential to create an administrative burden and uncertainty around network design for TOs whereby the developer submits a non-gated mod-app to reduce their TEC, up until 90 days prior to M1, without the intent to accept the modified connection offer. The developer would then be entitled to the discounted PCF.

Additionally, we do not believe WACM1 will improve efficiencies. We feel that WACM1 sets the PCF at a level that risks being too low to create the desired behaviours and will not offset any administrative burdens.

Overall: SPT are fully supportive of the Original proposal as we consider this to better facilitate the Applicable CUSC (no-charging) Objectives than either WACM 1 or WACM2.

Public

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Rob Smith – ENSO Energy				
Original	N	N	Neutral	N	N
WACM 1	Y	Y	Neutral	Neutral	Y
WACM 2	N	N	Neutral	Neutral	N

Voting Statement:

We are concerned that, given the proposal is designed to modify developer behaviour, it fails to understand how project development works. The existing proposals and qualification thresholds set by the Gate 2 process, introduction of queue milestones and CP2030 quotas means this will be a significantly reduced issue at the outset. However, this proposal will significantly increase developer and investor risk, which will lead to increased borrowing risk premiums, potentially increased direct costs if the PCF is activated and consequential reduced appetite by sensible developers to progress projects. This reduced liquidity and higher costs will inevitably find their way to consumers bills. The argument that this modification will only be enacted if a queue health metric is breached, apart from being an arbitrary number picked out of thin air, fails to recognise that this risk hangs over a developer when they initiate a connection application regardless of whether the PCF has been enacted. This is not a zero cost, developers will need to make provision to secure funding against the possibility that this PCF is activated (something that is beyond their individual control to mitigate). Having this facility available costs money, which again will lead to increased project costs. We also question the believe that projects that pause Devex spend whilst preparing to submit planning will be able to resurrect this activity at a later date, and still meet M1, which is a date forward looking from offer acceptance. This time frame is based on the proposer's own consultant's analysis of the average time it would take to prepare planning in each scenario. Therefore, it is highly implausible that a project could recover the time if it paused its project. However, it is

Public

possible with no commercial consequences it could do nothing and fail its project slowly (although this does start to become a risk regarding the posting of other security obligations). Therefore, some financial incentive to exit the queue might be appropriate. However. The amount of cost exposure to get somebody to act is relatively low. If a 100MW project has failed and the cost of sitting on it for 6 months was $\text{£}250 \times 100\text{MW} = \text{£}25,000$, this is sufficient to incentivise it to act as the project failure has happened. This is more than adequate to get people to do the paperwork in a timely manner. As such we believe WACM1 fulfils that function.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	Robin Prince – Island Green Power				
Original	N	Neutral	Neutral	N	N
WACM 1	N	Neutral	Neutral	N	N
WACM 2	Neutral	Y	Neutral	Neutral	Y

Voting Statement:

Following the workgroup discussion, it was felt that the original proposal placed greater emphasis on punitive measures rather than on positive incentives. As a result, the intended benefits were diminished, ultimately offering limited value to both consumers and the industry. In contrast, WACM2 presents a more constructive approach by promoting positive behaviours. It provides a pathway for developers facing challenging circumstances—such as continuing to invest in underperforming projects—to exit the queue more naturally. This mechanism encourages the removal of less viable projects, enabling the industry to advance more promising developments. The outcome is a more efficient connection of green energy projects, delivering greater benefits to consumers and supporting broader decarbonisation goals.

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Of the 15 votes, how many voters said this option was better than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	12
WACM1	9
WACM2	11

Stage 2b – Workgroup Vote

Which option is the best? (Baseline, Proposer solution (Original Proposal), WACM1 or WACM2)

Workgroup Member	Company	Industry Sector	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
Ash Adams	NESO	System Operator	Original	i, ii, iv
James Jackson	Ørsted	Generator	Baseline	N/A
Amy-Isabella Wells	NGET	Onshore Transmission Licensee	Original	ii
Andrew Allan	RWE Supply & Trading GmbH	Generator	Baseline	N/A
Andrew Enzor	Field Devco Ltd	Generator	Baseline	N/A
Kirsty Dawson	Statkraft	Developer / operator generation	Baseline	N/A

Public

		and demand projects UK		
Steffan Jones	Electricity North West	Network Operator	Original	i, ii, iv
Catherine Cleary	Roadnight Taylor	Consultant	Baseline	N/A
Rosemary McInnes	ScottishPower Renewables	Generator	WACM2	i, ii, iv
Dennis Gowland	Research Relay Ltd	Consultant	WACM1	ii
Andrew Colley	SSE Generation	Generator	WACM2	i, ii, iv
Helen Stack	Centrica	Generator	Original	i, ii, iv
Jack Purchase	National Grid	Distribution	Baseline	N/A
Kimbrah Hiorns	EDF Renewables	Generator	WACM1	i, ii
Jamie McDougall	SP Distribution/MANWEB SP Energy Networks	Network Operator	Original	i, ii, iv
Joe Colebrook	Innova	Generator	Baseline	N/A
Emily Fare	SSEN Transmission	Offshore Transmission Licensee	WACM2	i, iv
Khush Patel	National Grid Ventures	Interconnector	Baseline	N/A

Public

Mpumelelo Hlophe	Fred Olsen Renewables	Generator	Original	i, ii, iv
Nina Sanghera	Drax	Generator	Original	ii
Paul Smillie	SP Transmission – SP Energy Networks	Network Operator	Original	i, ii, iv
Rob Smith	ENSO Energy	Generator	WACM1	i, ii
Robin Prince	Island Green Power	Generator	WACM2	ii