CMP447: Removal of designated strategic works from cancellation charges/securitisation

Workgroup 3, 03 July 2025 Online Meeting via Teams





Agenda

| Topics to be discussed | Lead |
|--|-------------|
| Welcome | Chair |
| Action Log Review | Chair |
| Orkney Liabilities Case Study | Chris White |
| Worked Examples | Alex Curtis |
| Review Legal Text | All |
| Review Workgroup consultation comments | All |
| Any Other Business | Chair |
| Next Steps | Chair |



Expectations of a Workgroup Member

Contribute to the discussion

Be respectful of each other's opinions

Language and
Conduct to be
consistent with the
values of equality
and diversity

Do not share commercially sensitive information

Be prepared - Review Papers and Reports ahead of meetings

Complete actions in a timely manner

Keep to agreed scope

Email communications to/cc'ing the .box email

Your Roles

Help refine/develop the solution(s)

Bring forward alternatives as early as possible

Vote on whether or not to proceed with requests for Alternatives Vote on whether the solution(s) better facilitate the Code
Objectives





| Role | Name | Company |
|------------------|-------------------|----------------------------------|
| Proposer | Harvey Takhar | NESO |
| Workgroup Member | Alan Kelly | Corio Generation |
| Workgroup Member | Als Scrope | Northland Power |
| Workgroup Member | Barney Cowin | Blue Float |
| Workgroup Member | Calum Duff | Bowdun Offshore Wind Farm |
| Workgroup Member | Calum MacDonald | Point and Sandwick Trust |
| Workgroup Member | Ciaran Fitzgerald | Scottish Power Renewables |
| Workgroup Member | Charles Yates | Muir Mhor Offshore Wind Farm Ltd |
| Workgroup Member | Damian Clough | SSE |
| Workgroup Member | Dennis Gowland | Research Relay Ltd |
| Workgroup Member | Glenn Smith | EDF Energy Renewables |
| Workgroup Member | Joe Colebrook | Innova |
| Workgroup Member | Kirsty Dawson | Statkraft |



Workgroup Membership

| Role | Name | Company |
|--------------------------|---------------------|----------------------------------|
| Workgroup Member | Kyle Murchie | Roadnight Taylor |
| Workgroup Member | Lenka Peskova | ESB Generation and Trading |
| Workgroup Member | Mark McCabe | Boralex |
| Workgrop Member | Matthew Dowds | Muirhall Energy |
| Workgroup Member | Neil Bennett | SSEN Transmission |
| Workgroup Member | Patrick Smart | RES UK & IRELAND LIMITED |
| Workgroup Member | Paul Youngman | Drax |
| Workgroup Member | Richard Blanchfield | Talisk-Magnora Offshore Wind Ltd |
| Workgroup Member | Sam Aitchison | Island Green Power |
| Workgroup Member | Tim Ellingham | RWE |
| Workgroup Observer | Gareth Williams | SPEN |
| Workgroup Observer | Holly Thomas | Scottish Renewables |
| Workgroup Observer | Iwan Watkin | Jacobs |
| Authority Representative | Christopher Patrick | Ofgem |



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 the 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 alterative request and an indication of the impacts of those amendments or effects; and
- where possible, an indication of the impact of the proposed alterative 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.



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CMP447 Urgent Timeline as of 13 June 2025

| 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) | 09 October 2025 |
| Ofgem grant Urgency | 13 June 2025 (5pm) | Panel undertake Recommendation Vote | 15 October 2025 |
| Workgroup 1 – 5 | 20 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 | 15 October 2025 |
| Workgroup Consultation (10 Business Days) | 21 July - 04 August 2025 | Final Modification Report issued to Ofgem | 15 October 2025 |
| Workgroup 6 – 10 – Assess Workgroup Consultation Responses and Workgroup Vote | 12 August 2025 18 August 2025 28 August 2025 02 September 2025 08 September 2025 | Ofgem decision | TBC |
| 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 | | |



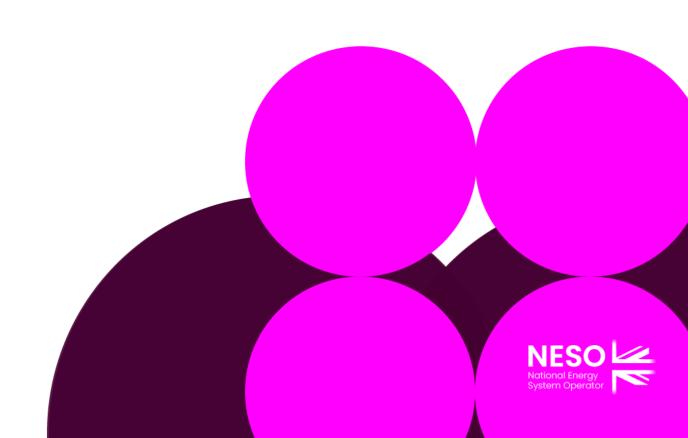
CMP447 - Terms of Reference

| Workgroup Term of Reference | Location in Workgroup Report (to be completed at Workgroup Report stage) |
|---|--|
| a) Consider EBR implications | |
| b) Consider timing and process for implementation with regard to ongoing Connection Reform | |
| c) Consider if a wider approach that takes account to works designated by GEMA might be suitable. | |
| d) Consider the provision of anonymised data/ worked examples | |



Action Log Review

Sarah Williams - NESO Code Administrator



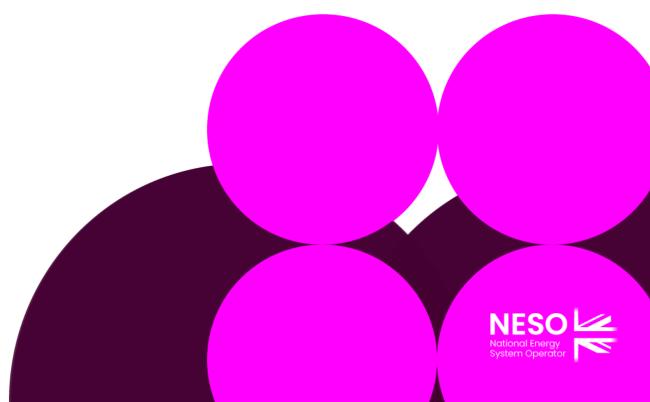
Action Log

| Action | Description | Owner | Due | Status |
|--------|--|-------|-----|--------|
| 1 | Provide a worked example to assist Workgroup members with understanding the details and potential impact of this modification | нт | WG2 | Open |
| 5 | Work with the NESO Connections Team to clarify whether the works removed from attributable works under CMP447 will be included in the zonal wider works cancellation charge | HT | WG3 | Open |
| 6 | Check when the Workgroup would need to conclude in order to align the decision and implementation of the modification with Gate 2 offers and feed this back to the Workgroup to keep in mind during the Workgroup phase. | НТ | WG3 | Open |
| 7 | Clarify the expectations of Ofgem, ensuring they are fully aware of the expectations related to this modification | НТ | WG3 | Open |
| 8 | Propose a list of principles that would provide a clear framework for understanding what constitutes accepted works and how they should be designated | HT | WG3 | Open |
| 9 | Explain how liabilities will be adjusted for developers who have already chosen to fix their cancellation charges | НТ | WG3 | Open |
| 10 | Look into the consideration of community-owned applications and provide feedback to the Workgroup | НТ | WG3 | Open |



Orkney Liabilities Case Study

Chris White



CMP447 – Orkney Liabilities Case Study

Case study for CMP447 workgroup 3, showing the impact of excluding a LOTI-funded project from Attributable Liability for a 60 MW Large Embedded generation project.

It also illustrates why generators are likely to choose Fixed Attributable liabilities from the outset and therefore look to CMP447 to allow them to benefit from any exclusion of works subsequent to their opting to fix.



Location of Orkney within the SSEN 33kV distribution network



Orkney 220kV, 220MW transmission link (under construction, LOTI funding mechanism under RIIO-ET2, TO ref. SHET-RI-019)

Project Overview:

- 60 MW generation project
- Distribution connected, thus Large Embedded
- Distribution connection offer accepted in 2023
- BELLA offer from NGESO in December 2023 was interactive, with acceptance period reduced to 30 days. This demonstrates high demand for the new capacity.
- The interactive offer was withdrawn within the 30 days and a fresh offer, for a flexible connection subject to Active Network Management control, was made in March 2024.
- Connection date October 2028, triggger date 1-Apr-25
- The liabilities presented in this case study are those which accompanied the revised offer.

Exhibit MM1

Cancellation Charge Statement

Project Name:

User:

Scottish Hydro Electric Power Distribution Plc

Connection Site:

Agreement Reference:

Finstown 132/33kV GSP Substation

Cancellation Charge

The Cancellation Charge (excluding VAT) which will or might fall due on termination of the Construction Agreement during the period commencing on and including 1 April 2024 and ending on and including 30 September 2024 is:

£37,442,880.90

Extract from MM1 statement, showing Actual Attributable Liability that would apply on acceptance of BELLA. Fixed Attributable liability (as shown in the next slide) would clearly be the preferred option.

Exhibit MM3 Notification of Fixed Attributable Works Cancellation Charge

Project Name:

User:

Scottish Hydro Electric Power Distribution Plc

Connection Site:

Agreement Reference:

| Financial Year | Pre Trigger Amount | TEC (MW) | Fixed Cancellation Charge |
|--------------------------|--------------------|----------|---------------------------|
| 1 Apr 2024 - 31 Mar 2025 | £1000 | 60 | £60,000.00 |

| Financial Year | Attributable Works Cancellation Amount | Cancellation Charge Profile (%) | Fixed Cancellation Charge |
|-----------------------------|---|------------------------------------|------------------------------|
| 1 Apr 2025 - 31 Mar 2026 | £51,130,004.00 | 25 | £12,782,501.00 |
| 1 Apr 2026 - 31 Mar 2027 | £51,130,004.00 | 50 | £25,565,002.00 |
| 1 Apr 2027 - 31 Mar 2028 | £51,130,004.00 | 75 | £38 347 503.00 |
| 1 Apr 2028 - 31 Mar 2029 | £51,130,004.00 | 100 | £51,130,004.00 |

Extract from MM3 statement, showing the profile of Fixed Attributable liability from acceptance of contract to completion. Note the value £51.13M in the final year.

Fixed Attributable Works Cancellation Amount based on

| Component | Attributable Works Capital Cost | LARF (%) | SIF (%) | Distance Factor (%) | Attributable Works Cancellation Amount |
|--|------------------------------------|-------------|------------|------------------------|--|
| Finstown GSP A1 - 2 x 132/33kV transformers | £15,713,576.00 | 64.00 | 52.63 | 100 | £2,977,309.10 |
| Finstown GSP A1 - 2 x 132kV Circuit Breakers | £8,698,585.00 | 43.00 | 13.82 | 100 | £685,464.55 |
| Finstown GSP A1 - 2 x 33kV Bays (CB and disconnector) | £1,683,598.00 | 47.00 | 44.44 | 100 | £396,580.87 |
| Finstown GSP A1 - 6 x 1321/ Disconnectors | £1,964,196.00 | 78.00 | 13.82 | 100 | 159,740.54 |
| SHET-RI-019 Dounreay to North West Orkney 132kV AC Link V9 | £307,121,000.00 | 29.69 | 21.77 | 100 | £47,010,908.95 |

Extract from MM3 statement, identifying costs associated with SHET-RI-019

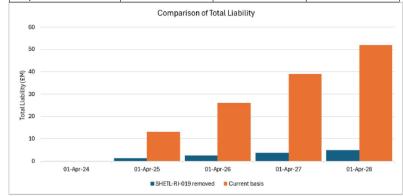
Total including SHET-RI-019: £51.13M Total excluding SHET-RI-019: £4.12M

Profile of total liability on current basis (fixed attributable option)

| Financial Year | Fixed Attributable | Wider Liability | Total Liability |
|----------------------|--------------------|-----------------|-----------------|
| | Liability | | |
| 1-Apr-24 – 1-Apr-25 | £60k | n/a | £60k |
| 1-Apr-25 – 31-Mar-26 | £12.783M | £235.2k | £13.018M |
| 1-Apr-26 – 31-Mar-27 | £25.565M | £470.3k | £26.035M |
| 1-Apr-27 – 31-Mar-28 | £38.348M | £705.5k | £39.053M |
| 1-Apr-28 - 31-Mar-29 | £51.130M | £940.6k | £52.071M |

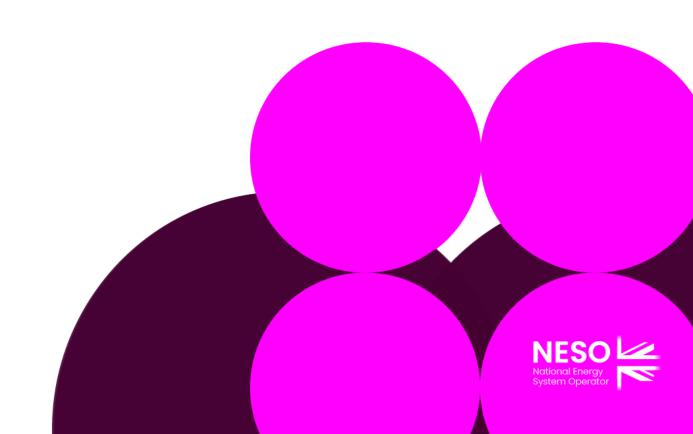
Profile of total liability with SHETL-RI-019 removed (fixed attributable option)

| Financial Year | Fixed Attributable Liability | Wider Liability | Total Liability |
|----------------------|---------------------------------|-----------------|-----------------|
| 1-Apr-25 – 31-Mar-26 | £1.03M | £235.2k | £1.265M |
| 1-Apr-26 - 31-Mar-27 | £2.06M | £470.3k | £2.530M |
| 1-Apr-27 – 31-Mar-28 | £3.09M | £705.5k | £3.795M |
| 1-Apr-28 – 31-Mar-29 | £4.12M | £940.6k | £5.061M |



Worked Examples

Alex Curtis



Example 1, LOTI works not included

Exhibit MM1

Cancellation Charge Statement Dated 02/07/2025

 Project Name:
 XXX 1

 User:
 XXX1 Limited

 Connection Site:
 XXX kV Substation

 Agreement Reference:
 xxx

Cancellation Charge

The Cancellation Charge (excluding VAT) which will or might fall due on termination of the Construction Agreement during the period commencing on and including 1 April 2025 and ending on and including 30 September 2025 is:

£1,541,448.07

This figure is based on:

1. Estimate of Actual Attributable Works Cancellation Charge

£1,541,448.07

2. Wider Cancellation Charge

£0.00

Wider Cancellation Charge calculation methodology: Zonal Amount x TEC x Percentage

Calculation parameters:

ETYS Zone: XX | 200 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100.00 | 2100

For and on behalf of

National Energy System Operator Limited

Exhibit MM2 Cancellation Charge Secured Amount Statement Dated 02/07/2025

 Project Name:
 XXX 1

 User:
 XXX1 Limited

 Connection Site:
 XXX kV Substation

Agreement Reference: xxx

The Cancellation Charge Secured Amount for the period commencing on and including 1 April 2025 and ending on and including 30 September 2025 is:

£1,849,737.68

The Cancellation Charge Secured Amount is based upon 100% of the Cancellation Charge for this period (£1,541,448.06 plus VAT), as set out in Exhibit MM1 Cancellation Charge Statement.

For and on behalf of

National Energy System Operator Limited

End of Exhibit MM2

End of Exhibit MM1

Exhibit MM3

Notification of Fixed Attributable Works Cancellation Charge Dated 02/07/2025

 Project Name:
 XXX 1

 User:
 XXX1 Limited

 Connection Site:
 XXX1 KV Substation

Agreement Reference: XXX

| Financial Year | Pre Trigger Amount | TEC (MW) | Fixed Cancellation Charge |
|--------------------------|--------------------|----------|---------------------------|
| 1 Apr 2025 - 31 Mar 2026 | £3000 | 100 | £300,000 |
| 1 Apr 2026 - 31 Mar 2027 | £3000 | 100 | £300,000 |

| Financial Year | Attributable Works Cancellation Amount | Cancellation Charge Profile (%) | Fixed Cancellation Charge |
|-----------------------------|--|------------------------------------|------------------------------|
| 1 Apr 2027 - 31 Mar 2028 | £19,266,277.62 | (25) | £4,816,569.40 |
| 1 Apr 2028 - 31 Mar 2029 | £19,266,277.62 | 50 | £9,633,138.81 |
| 1 Apr 2029 - 31 Mar 2030 | £19,266,277,62 | 75 | £14,449,708.21 |
| 1 Apr 2030 - 31 Mar 2031 | £19,266,277.62 | 100 | £19,266,277.62 |

| Component | Attributable Works Capital Cost | LARF (%) | SIF (%) | Distance Factor (%) | Attributable Works Cancellation Amount |
|---------------------|------------------------------------|-------------|------------|---------------------|--|
| Reinforcement works | £109,226,000.00 | 14.00 | 18.81 | 100 | £17,666,226.52 |
| Substation works | £12,698,129.00 | 33.00 | 18.81 | 100 | £1,600,051.10 |

Example 1 LOTI works included

End of Exhibit MM1

Exhibit MM1

Cancellation Charge Statement Dated 02/07/2025

 Project Name:
 XXX1

 User:
 XXX1 Limited

 Connection Site:
 xxx kV Substation

Agreement Reference:

Cancellation Charge

The Cancellation Charge (excluding VAT) which will or might fall due on termination of the Construction Agreement during the period commencing on and including 1 April 2025 and ending on and including 30 September 2025 is:

£61,144,884,41

This figure is based on:

1. Estimate of Actual Attributable Works Cancellation Charge

£61,144,884.41

2. Wider Cancellation Charge

Wider Cancellation Charge calculation methodology: Zonal Amount x TEC x Percentage

Calculation parameters:

For and on behalf of

National Energy System Operator Limited

Exhibit MM2

Cancellation Charge Secured Amount Statement Dated 02/07/2025

 Project Name:
 XXX1

 User:
 XXX1 Limited

 Connection Site:
 xxx kV Substation

Agreement Reference: xx

The Cancellation Charge Secured Amount for the period commencing on and including 1 April 2025 and ending on and including 30 September 2025 is:

£73,373,861.28

The Cancellation Charge Secured Amount is based upon 100% of the Cancellation Charge for this period (£61,144,884.40 plus VAT), as set out in Exhibit MM1 Cancellation Charge Statement.

For and on behalf of

National Energy System Operator Limited

End of Exhibit MM2

Exhibit MM3

Notification of Fixed Attributable Works Cancellation Charge Dated 02/07/2025

 Project Name:
 XXX1

 User:
 XXX1 Limited

 Connection Site:
 xxx kV Substation

 Agreement Reference:
 xxx

| Financial Year | Pre Trigger Amount | TEC (MW) | Fixed Cancellation Charge |
|--------------------------|--------------------|----------|---------------------------|
| 1 Apr 2025 - 31 Mar 2026 | £3000 | 100 | £300,000 |
| 1 Apr 2026 - 31 Mar 2027 | £3000 | 100 | £300,000 |

| Financial Year | Attributable Works Cancellation Amount | Cancellation Charge Profile (%) | Fixed Cancellation Charge |
|-----------------------------|--|------------------------------------|------------------------------|
| 1 Apr 2027 - 31 Mar 2028 | £419,474,056.80 | (25) | £104,868,514.20 |
| 1 Apr 2028 - 31 Mar 2029 | £419,474,056.80 | 50 | £209,737,028.40 |
| 1 Apr 2029 - 31 Mar 2030 | £419,474,056,80 | 75 | £314,605,542.60 |
| 1 Apr 2030 - 31 Mar 2031 | £419,474,056.80 | 100 | £419,474,056.80 |

| Component | Attributable Works Capital Cost | LARF (%) | SIF (%) | Distance Factor (%) | Attributable Works Cancellation Amount |
|---------------------|------------------------------------|-------------|------------|------------------------|--|
| LOTI | £1,617,001,128.00 | 10.00 | 27.50 | 100 | £400,207,779.18 |
| reinforcement works | £109,226,000.00 | 14.00 | 18.81 | 100 | £17,666,226.52 |
| Substation works | £12,698,129.00 | 33.00 | 18.81 | 100 | £1,600,051.10 |

Example 2 no asti

Exhibit MM1 Cancellation Charge Statement Dated 27/05/2025

Project Name: XXX2

User: XXX2 Limited
Connection Site: xxxx ky Substation

Agreement Reference: xxx

Cancellation Charge

The Cancellation Charge (excluding VAT) which will or might fall due on termination of the Construction Agreement during the period commencing on and including 1 April 2025 and ending on and including 30 September 2025 is:

£43,126.50

This figure is based on:

1. Estimate of Actual Attributable Works Cancellation Charge

£43,126,50

2. Wider Cancellation Charge

£0.00

Wider Cancellation Charge calculation methodology: Zonal Amount x TEC x Percentage

Calculation parameters:

ETYS Zone:

Zonal Amount: £100.00 TEC: 100.00 Percentage: 0.00 %

Exhibit MM2

Cancellation Charge Secured Amount Statement Dated 27/05/2025

Project Name: XXX2

User: XXX2 Limited
Connection Site: xxx ky Substation

Agreement Reference: xx

The Cancellation Charge Secured Amount for the period commencing on and including 1 April 2025 and ending on and including 30 September 2025 is:

£51,751.79

The Cancellation Charge Secured Amount is based upon 100% of the Cancellation Charge for this period (£43,126.49 plus VAT), as set out in Exhibit MM1 Cancellation Charge Statement.

For and on behalf of

National Energy System Operator Limited

End of Exhibit MM2

Exhibit MM3

Notification of Fixed Attributable Works Cancellation Charge

Dated 27/05/2025

Project Name: XXX2

User: XXX 2 Limited Connection Site: XXX 9 Limited xxx KV Substation

reement Reference: xxx

| Financial Year | Pre Trigger Amount | TEC (MW) | Fixed Cancellation Charge |
|-----------------------------|-----------------------|-------------|------------------------------|
| 1 Apr 2025 - 31 Mar 2026 | £1000 | 100 | £100,000 |
| 1 Apr 2026 - 31 Mar 2027 | £2000 | 100 | £200,000 |
| 1 Apr 2027 - 31 Mar 2028 | £3000 | 100 | £300,000 |
| 1 Apr 2028 - 31 Mar 2029 | £3000 | 100 | £300,000 |
| 1 Apr 2029 - 31 Mar 2030 | £3000 | 100 | £300,000 |
| 1 Apr 2030 - 31 Mar 2031 | £3000 | 100 | £300,000 |

| Financial Year | Attributable Works Cancellation Amount | Cancellation Charge Profile (%) | Fixed Cancellation Charge |
|-----------------------------|---|------------------------------------|---------------------------------|
| 1 Apr 2031 - 31 Mar 2032 | £4,312,648.34 | 25 | £1,078,162.09 |
| 1 Apr 2032 - 31 Mar 2033 | £4,312,648.34 | 50 | £2,156,324.17 |
| 1 Apr 2033 - 31 Mar 2034 | £4,312,648.34 | 75 | £3,234,486.26 |
| 1 Apr 2034 - 31 Mar 2035 | £4,312,648.34 | 100 | £4,312,648.34 |

| Component | Attributable Works Capital Cost | LARF (%) | SIF (%) | Distance Factor (%) | Attributable Works Cancellation Amount |
|------------------|---------------------------------------|-------------|------------|------------------------|---|
| substation works | £16,892,994.00 | 33.00 | 38.10 | 100 | £4,312,648.34 |

Example 2 ASTI

Exhibit MM1

Cancellation Charge Statement Dated 08/04/2025

Project Name: XXX2
User: XXX2 Limited
Connection Site: xxx kV Substation
Agreement Reference: xxx

Cancellation Charge

The Cancellation Charge (excluding VAT) which will or might fall due on termination of the Construction Agreement during the period commencing on and including 1 April 2025 and ending on and including 30 September 2025 is:

£5,497,817,19

This figure is based on:

1. Estimate of Actual Attributable Works Cancellation Charge

£5,497,817.19

2. Wider Cancellation Charge

£0.00

Wider Cancellation Charge calculation methodology: Zonal Amount x TEC ${\bf x}$ Percentage

Calculation parameters:

ETYS Zone: xx
Zonal Amount: £100
TEC: 100.00
Percentage: 0.00 %

Exhibit MM2

Cancellation Charge Secured Amount Statement Dated 08/04/2025

Project Name: XXX2
User: XXX2 Limited
Connection Site: xxx kv Substation
Agreement Reference: xxx

The Cancellation Charge Secured Amount for the period commencing on and including 1 April 2025 and ending on and including 30 September 2025 is:

£6,597,380.62

The Cancellation Charge Secured Amount is based upon 100% of the Cancellation Charge for this period (£5,497,817.19 plus VAT), as set out in Exhibit MM1 Cancellation Charge Statement.

For and on behalf of

National Energy System Operator Limited

End of Exhibit MM2

For and on behalf of National Energy System Operator Limited

End of Exhibit MM1

Exhibit MM3

Notification of Fixed Attributable Works Cancellation Charge

Dated 08/04/2025

Project Name: XXX2
User: XXX2 Limited
Connection Site: xxxkV Substation

Agreement Reference: xxx

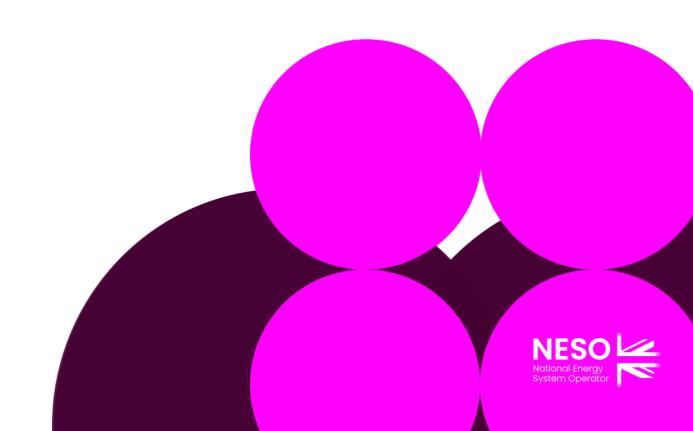
| Financial Year | Pre Trigger Amount | TEC (MW) | Fixed Cancellation Charge |
|-----------------------------|-----------------------|-------------|------------------------------|
| 1 Apr 2025 - 31 Mar 2026 | £1000 | 100 | £100,000.00 |
| 1 Apr 2026 - 31 Mar 2027 | £2000 | 100 | £200,000 |
| 1 Apr 2027 - 31 Mar 2028 | £3000 | 100 | £300,000 |
| 1 Apr 2028 - 31 Mar 2029 | £3000 | 100 | £300,000 |
| 1 Apr 2029 - 31 Mar 2030 | £3000 | 100 | £300,000 |
| 1 Apr 2030 - 31 Mar 2031 | £3000 | 100 | £300,000 |
| | | | |

| Financial | Attributable Works | Cancellation | Fixed Cancellation |
|-----------------------------|---------------------|--------------------|--------------------|
| Year | Cancellation Amount | Charge Profile (%) | Charge |
| 1 Apr 2031 - 31 Mar 2032 | £143,420,534.63 | 25 | £35,855,133.66 |
| 1 Apr 2032 - 31 Mar 2033 | £143,420,534.63 | 50 | £71,710,267.31 |
| 1 Apr 2033 - 31 Mar 2034 | £143,420,534.63 | 75 | £107,565,400.97 |
| 1 Apr 2034 - 31 Mar 2035 | £143,420,534.63 | 100 | £143,420,534.63 |

| Component | Attributable Works Capital Cost | LARF (%) | SIF (%) | Distance Factor (%) | Attributable Works Cancellation Amount |
|---------------------|---------------------------------------|-------------|------------|------------------------|---|
| Substation works | £16,892,994.00 | 33.00 | 38.10 | 100 | £4,312,648.34 |
| ASTI works | £430,665,000.00 | 5.00 | 34.00 | 100 | £139,107,886.29 |

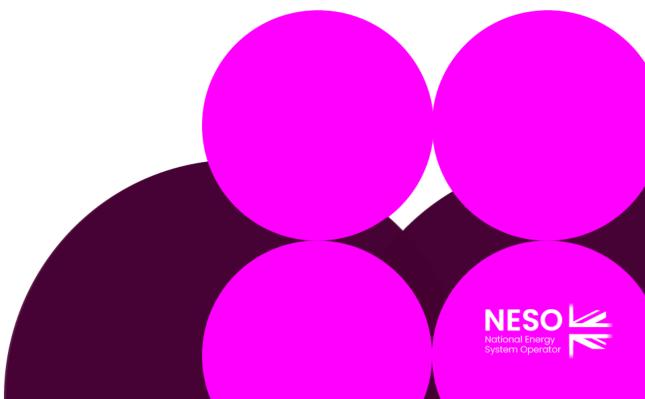
Legal Text Review

Paul Mott - NESO



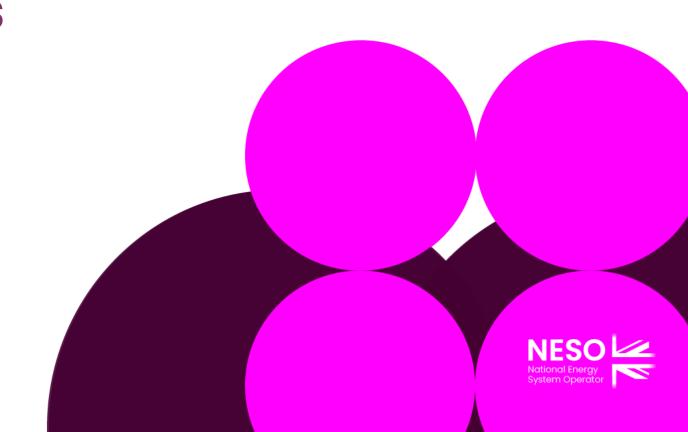
Draft Workgroup Consultation comments

All



Any Other Business

Sarah Williams – NESO Code Administrator



Next Steps

Sarah Williams – NESO Code Administrator

