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Workgroup Consultation		
<h1>CMP447: Removal of designated strategic works from cancellation charges/securitisation</h1> <p>Overview: The proposal extends the effect of CMP428 in relation to works designated by the Authority, so that Users are not providing unnecessary securities in relation to works that may be independent of their connection, removing a barrier to entry for new generation.</p> <p>The modification also aims to adjust the fixed Attributable Works of relevant Generators by removing the relevant element of their fix, while keeping the rest of the fix intact.</p>	<h2>Modification process & timetable</h2>	
	1	Proposal Form 17 January 2025
	2	Workgroup Consultation 21 July 2025 – 04 August 2025
	3	Workgroup Report 12 September 2025
	4	Code Administrator Consultation 19 September 2025 – 03 October 2025
	5	Draft Final Modification Report 09 October 2025
	6	Final Modification Report 15 October 2025
7	Implementation 10 Business Days following Authority decision	
<p>Have 5 minutes? Read our Executive summary</p> <p>Have 60 minutes? Read the full Workgroup Consultation</p> <p>Have 90 minutes? Read the full Workgroup Consultation and Annexes.</p>		
<p>Status summary: The Workgroup are seeking your views on the work completed to date to form the final solution to the issue raised.</p>		
<p>This modification is expected to have a: Low impact on Suppliers, a low impact on most Generators, but a high impact on some Generators.</p>		
Governance route	Urgent modification to proceed under a timetable agreed by the Authority (with an Authority decision)	
Who can I talk to about the change?	<p>Proposer: Harvey Takhar, NESO Harvey.Takhar@neso.energy Phone: 07707 176265</p>	<p>Code Administrator Chair: Sarah Williams Sarah.Williams@neso.energy Phone: 07593899145</p>
How do I respond?	Send your response proforma to cusc.team@neso.energy by 5pm on 04 August 2025	

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Executive Summary

Modification CMP447 aims to extend the effect of the approved modification CMP428 to other strategic circuits as designated by Ofgem, which would therefore otherwise fall within relevant pre-commissioning Generators' Attributable Works. CMP428 had been limited in its effect to circuits that are part of the Holistic Network Design (HND) works (as per its exact legal text). By extending the definition that CMP428 created of Excepted Works to allow Ofgem to designate other works, it will (if approved) take more works out of relevant pre-commissioning Generator's Attributable Works.

The Authority has discretion in what transmission construction schemes it designates. It is thought possible that the schemes selected would tend to be those where their funding has been approved by the Authority regardless of the progress of pre-commissioning Generators – i.e. schemes that are not Generator-dependent.

This change, if passed, also adjusts the fixed Attributable Works of relevant Generators by removing the relevant element of their fix, while keeping the rest of the fix intact, to address high Attributable Works potential cancellation charges for relevant Generators. Through the two aspects of this change proposal, the Proposer contends that it helps facilitate competition and the achievement of Net Zero targets by removing an undue burden on some pre-commissioning Generators, facilitating access and connections, minimising construction delays, and improving the operation of the User Commitment regime.

What is the issue?

CMP428 excluded the cost of certain strategic onshore circuits associated with the HND, as designated by Ofgem, that would otherwise have fallen within relevant pre-commissioning Generators' Attributable Works. The rationale behind this exclusion was that, due to already being secured and financed by Ofgem,

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the assets were being recognised as needed for the whole system and not triggered by an individual Generator. As such, the risk of them becoming stranded assets was negligible and Generators' securitisation would be redundant.

The proposer contends that CMP428 is too narrow, and needs extending to allow exclusion of other works as designated by Ofgem, from relevant pre-commissioning Generators' Attributable Works. This is likely to include at least the majority of Accelerated Strategic Transmission Investment (ASTI) and Large Onshore Transmission Investment (LOTI) works, wherever these are not Generator-driven, but may not be limited to them.

There is a need to take the cost of these non-HND-related works as designated by Ofgem out of relevant pre-commissioning Generators' Attributable Works. By extending the definition that CMP428 created of Excepted Works, the modification seeks to accomplish this.

In addition to the need to extend the effect of CMP428, the Proposer contends that there is a secondary issue related to adjusting fixed Attributable Works for relevant parties that have already fixed their liabilities. The Proposer believes the fix needs adjustment to allow them to benefit from the exclusion of designated strategic works. It seeks to allow this to take place via a one-off recalculation for existing fixed liabilities. The approach needs, the proposer contends, to leave the element of the user's "fix" that related to the balance of their works that CMP447 is not relevant to, intact. This is because it is not the Proposer's intention to deviate any more than is necessary from the principle from when CUSC Section 15 came in (via CMP192), that a "fix" of the Attributable Works profile, once it has been offered by National Energy System Operator (NESO) under Section 15 rules and opted-in-to, cannot be unfixed. The User may, in relation to the part of their fix that is not relevant to CMP447, have chosen well in terms of fixing (if costs have risen since), or they may have chosen badly; either way, this element of

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their fix should be unaffected. This part of the proposal therefore removes (subtracts the costs of) any part of a User's fixed attributable costs to which CMP447 is relevant.

What is the solution and when will it come into effect?

Proposer's solution: The solution proposes to extend the effect of CMP428 to works designated by the Authority as to be excluded from relevant projects' Attributable Works. The designations are expected to be of transmission works that would be constructed regardless of the progression/construction of individual pre-commissioning Generators and/or for assets already guaranteed under the price controls framework, for example (whilst respecting the Authority's unfettered discretion in this matter). This would tend to include those funded as ASTI, LOTI, Medium Sized Investment Projects (MSIPs) or future schemes that may be Anticipatory Investment or other strategic investments.

The designations would be likely to be of entire schemes (e.g. an ASTI scheme), with translation of these designations by the Authority into the cancellation charge liabilities (and securitisation of the same) of relevant specific existing pre-commissioning generation projects, and of any relevant new Bilateral Connection Agreement (BCA) signatories, being made by NESO and communicated by NESO to the relevant generation projects. Additionally, the solution includes adjusting the Attributable Works for relevant Generators that had fixed their Attributable Works, to remove the cost of Excepted Works under this modification, leaving the fix otherwise intact.

Implementation date: 10 Business Days following Authority decision. The connections and finance/banking teams will aim to identify relevant projects and give them the benefit of the modification within a few weeks of designation, subject to resource.

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What is the impact if this change is made?

The modification is expected to address the defect of Users providing unnecessary securities, which creates a barrier to entry. By removing this barrier, the change will promote effective competition through the reduction of the overall financial burden for Users, facilitate the achievement of Net Zero targets, facilitate access to the system, accelerate User connections, minimise construction delays and improve the operation of the User Commitment regime. This modification will benefit a range of Generators, and NESO will need to confirm when the securities can be released.

Interactions

A System Transmission Owner Code (STC) change is needed to allow CMP447, if passed, to be implemented, as the STC mirrors the definitions of Attributable Works and Excepted Works that are in the CUSC. There is an error in that the STC says “Expected Works” in both places (the reference from the definition of Attributable Works, and the definition of the same) instead of “Excepted Works”. Also, the definition of Excepted Works in STC, will need updating to match this CUSC modification if approved. A presentation is to be made by NESO to the STC Panel meeting on the 31 July preparing them for the need for a simple consequential change to the STC if CMP447 is passed.

Some incidental Transmission Owner (TO) / NESO (and potentially Distribution Network Operator (DNO) for embedded projects) co-operation may be required in some cases.

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What is the issue?

What is the defect the Proposer believes this modification will address?

CMP428, which was approved and is now within baseline CUSC, excluded some circuits that would otherwise have been classified as Attributable Works, from being so classified, wherever the Authority within the HND designates circuits which would otherwise fall within their Attributable Works, to comprise Onshore Transmission reinforcement. That modification redefined the User Commitment liabilities for Generators connected via Onshore Transmission reinforcement within the HND. This ensured that the purpose and function of circuits classified as Onshore Transmission reinforcement were considered when determining which Users are responsible for the associated “Attributable Works” liabilities under CUSC Section 15, the User commitment regime which arose from CMP192. A new definition of “Excepted Works” was created to give effect to CMP428.

CM094 was also raised under the STC by Scottish and Southern Electricity Networks. It sought to remove securities (to exclude further candidate Attributable Works from a generation project’s potential cancellation liabilities) when the Authority has approved a needs case for relevant onshore reinforcement involving ASTI or LOTI works.

In its CM094 rejection letter, Ofgem concluded that the modification would have better facilitated the achievement of the applicable STC objectives; and would be consistent with Ofgem’s principal objective and statutory duties but it was nonetheless rejected as it would have created a misalignment between the respective codes (STC and CUSC) , considering that CMP428 was (like CMP192) raised and effective within Section 15 of the CUSC (and Section 11).

Ofgem concluded that both Proposals, CM094 and CMP428, were “positive against their respective applicable code objectives and consistent with our principal objective and statutory duties” but it was not possible for both

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modifications to be approved and implemented because the solutions are different and operationally incompatible with one another. Ofgem concluded that approving both Proposals would have created a situation wherein there would have been conflicting legal text across two codes relating to User Commitment arrangements and securities. The general purpose of the STC is to define the way TOs and NESO need to co-operate, co-ordinate, share data etc, but not to define commercial arrangements. It approved CMP428, rejected CM094 and suggested further modifications may need to be raised.

Ofgem in its letter did suggest that both CMP428 and CM094 could be “consistent with its previous policy intent of encouraging coordinated expansion of the offshore network”. It agreed that “User liabilities should be apportioned in a fair manner, as asking specific Users to secure liabilities wholly for these assets would likely discourage Offshore Developers from connecting to these circuits and jeopardise Government Net Zero targets”.

Connecting Users currently provide securities against Attributable Works, part of which may be associated with strategic reinforcement works approved by the Authority, even where this strategic build is not specifically triggered by the connection of the User(s) and would proceed regardless. CMP428 has added an exclusion (Excepted Works) in relation to relevant HND circuit designations; this modification, CMP447, aims to extend that Excepted Works definition to also encompass such other strategic reinforcement works as are designated as applying to this modification, by the Authority.

The proposal does not seek to exactly prescribe or describe what the strategic works are. Whilst they would generally be likely to include ASTI and LOTI works (see notes below), and perhaps some Medium Sized Investment Projects (MSIPs), the needs cases for these can be amended so Ofgem is afforded discretion to both designate additional works, and to occasionally exclude ASTI and LOTI works

¹ https://www.ofgem.gov.uk/sites/default/files/2024-06/CM094_Decision_11Jun2024.pdf

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if it feels they are not appropriate (for example if a LOTI scheme was considered to be Generator-driven).

It is likely that Ofgem will seek advice, with evidence, from the NESO Connections Team on what works it might designate, the ultimate decision being at Ofgem's unfettered discretion. Designation by Ofgem could take the form of a list of works deemed strategic, leaving the NESO connections team to map these onto projects whose Attributable Works including elements of these strategic transmission developments, which allows the process to be applied to relevant Users and applicants easily and without delay.

The Final Determinations decision under the second iteration of electricity transmission price control to be conducted under the Revenue = Incentives + Innovation + Outputs (RIIO) model (RIIO-ET2) established the LOTI mechanism to assess and fund large (£100m+) Onshore Transmission projects during the Current transmission Price Control Period (RIIO-T2).

In December 2022, Ofgem decided to introduce a new ASTI framework to accelerate delivery of large onshore projects to deliver the Government's objective to connect up to 50GW of offshore generation to the network by 2030, which came into force in August 2023.

Where the HND projects meet the criteria for Onshore Transmission classification, the relevant TOs will be responsible for developing the Detailed Network Design (DND) of these projects which are usually likely to qualify for consideration under LOTI and ASTI or successor schemes under future price control periods, since the RIIO-ET2 schemes are likely to be replaced by different funding mechanisms under RIIO-ET3 from 01 April 2026, and the names might vary. Whilst there are still LOTI projects in flight, the majority of new build for Clean Power 30 (CP30) is likely to be within the RIIO-ET3 price control framework.

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Through the price controls framework, the Authority has approved and may in future approve further specific infrastructure projects for a relevant TO as part of this strategic approach to reinforcement of the network. It is possible that in the next price control period, RII0-T3, the concept which we now know as LOTI, may have a different acronym/name and a different implementation

MSIP re-openers to the price control provides TOs with an annual opportunity to request funding for sub-£100m projects, smaller than LOTI works, which have not been provided in RII0 baseline allowances, some of which may be relevant to this modification. Again, it is anticipated that there may be changes to this scheme in future price control periods

Given the uncertainty of which schemes may be relevant to this modification in future, or how they may be renamed, the Proposer suggests this modification relies on the Authority's discretion.

This Proposal would address the defect that Users are providing unnecessary securities - creating a barrier to entry."

Adjustment of fixed Attributable Works

This issue is summarised neatly in Ofgem's decision document on CMP428: "We recognise that some Users will have opted to fix their liabilities at the point of contracting, and that the benefit of this CMP428 may not, without further proposals being brought forward, be felt by them. We believe NESO should now consider whether, or the extent to which i) consequential changes to the processes contained within the CUSC or STC are required as a result of this CMP428; and ii) arrangements for existing Users who have already selected to fix their liabilities should be reviewed. We will consider any further proposals and associated requests for Urgency on their specific merits". It was confirmed at the CMP428 Workgroup that no beneficiaries of CMP428 had fixed their Attributable

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Works, but CMP447 allows for the fact that some relevant Generators have already fixed their Attributable Works.

Why change?

A number of Generators have been assigned high Attributable Works potential cancellation charges, with securitisation of the same to the usual CUSC Section 15 timescales, where their Attributable Works may include parts of some transmission schemes that would proceed regardless of that Generator.

The Original Proposal form can be found in **Annex 01**.

Workgroup considerations

The Workgroup convened 5 times to discuss the issue as identified by the Proposer within the scope of the defect, develop potential solutions, and evaluate the proposal in relation to the Applicable Code Objectives.

Workgroup Discussion ahead of the Workgroup Consultation

Modification Timeline

Workgroup members emphasised the need to accelerate the modification timeline to align with Gate 2 offers going out (anticipated around Sept–Oct 2025).

It was agreed that efforts will be made to accelerate the Workgroup phase where possible in order to align the decision and implementation of the modification with Gate 2 offers, with Ofgem expediting their decision on this Urgent modification once the Final Modification Report (FMR) is received. At the time of writing, the FMR is scheduled to be remitted to Ofgem 15 October 2025.

Concerns about Trigger Dates

Workgroup members raised concerns about the potential impact on developers and support to the progress of Connections Reform if CMP447 is not implemented before the Gate 2 offers are returned. They emphasised the significant financial consequences for developers if liabilities are incurred before the modification is introduced.

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A risk of developers delaying their connection dates to avoid hitting trigger dates was highlighted, which could lead to further delays in the connection process beyond the individual Generator impacted. It was suggested that the MM1, MM2, and MM3 statements could be updated to retrospectively protect developers from this risk.

A Workgroup member mentioned that there might be some mitigation for developers affected by the trigger dates due to the extraordinary circumstances of the connections reform. They noted that there is a question about how to handle the trigger dates for those exposed to them in the current offers.

Another Workgroup member clarified that securities are currently frozen and will not change until the Gate 2 offers are accepted. They mentioned that modification applications can only be made on the Gate 2 offers, and the next modification window is expected to open around November 2025, which may disadvantage Users by not allowing sufficient time for Users to vary their April 2026 trigger date.

A Workgroup member commented that if the above is the case, and Generators cannot request further delay modifications as part of Connections Reform, there is the risk that Gate 2 offers cannot be accepted due to the unaffordability arising from the securities profile. Provisions to protect Generators in the event that the modification has not yet been applied to Gate 2 offers due to timing constraints should be developed. Without such provisions, there is the risk that attrition rates are higher than expected and there are not sufficient projects in the pipeline to meet the required technology capacities.

Context of other related modifications

An overview of other relevant modifications, including [CMP428](#), [CM094](#), and [CMP447](#) was provided to the Workgroup. It was noted that:

- [CMP428](#) addressed the issue of offshore network HNDs, as identified by the definition given of Excepted Works, by allowing the removal of relevant costs from Attributable Works.
- [CM094](#), an STC modification which did not gain approval, proposed a similar approach but rigidly set as being in regard to all ASTI and LOTI works, and no other works, but sought to make the changes to the commercial

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arrangements outside the CUSC, leaving the CUSC definition of “Excluded Works” (in relation to the HND) that CMP428 added, unchanged.

- CMP447, the current modification, aims to expand on CMP428 to include other works as designated by Ofgem, with the potential for an adjustment to the fixed Attributable Works of the project where relevant.
- CMP426 Workgroup has only met once (in early 2024). It had begun to consider seeking to exclude the cost of strategic works “designated by Ofgem”, from local circuit charges; this nascent reliance on strategic works as “designated by Ofgem” as the core of its working, is outlined in the slides to its first Workgroup meeting. This modification CMP426 has been administratively linked to CMP419 (they share the same Workgroup), which seeks to redefine generation charging zone boundaries. CMP419 is frozen for now and with it, so is CMP426. Therefore, further work on CMP426 around the nature of strategic works as “designated by Ofgem” will not be forthcoming in time for CMP447; rather, CMP426 will be able to benefit from the work done on this Workgroup CMP447.
- CMP417 seeks to extend the scope of CUSC section 15, User commitment, to some large pre-commissioning demand sites, but is not baseline and so not considered in the work on CMP447, from which only Generators could benefit.

Worked example

The NESO Representative provided worked examples to assist Workgroup members with understanding the details and potential impact of this modification.

The worked examples included anonymised security statements to illustrate the impact of including and excluding LOTI works in securities. These examples demonstrated the significant financial relief provided by excluding the selected LOTI works from securities, making projects more financially viable.

It was noted that this reduction in financial burden is crucial for enabling project development and reducing barriers to entry for developers.

The Worked Examples are available in **Annex 06**.

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Impact of CMP447 on Liabilities

A Workgroup member presented a case study of a 60 MW project on Orkney, showing that the Attributable Works liability was £37.4 million. This £37.4M figure was the Actual Attributable for the first (pre-trigger) year, to illustrate why Generators behind a large LOTI project would opt to fix their liability. Once fixed, the attributable liability in the final year would be £51.13M on the current basis (on the basis of baseline CUSC), or £4.12M if CMP447 is successful. (See slide 7 of the presentation in **Annex 06**). The reduction is thus slightly more than 90%.

It was noted that the implementation of CMP447 is crucial for making Gate 2 offers financially viable and preventing project delays, and that the exclusion of Attributable Works from securities aligns with the principle that TO funding is guaranteed under the price control framework

The Case Study is available in **Annex 05**.

Definitions of Attributable Works and Wider Works

The need for clear definitions and examples was emphasised to ensure all Workgroup members have a consistent understanding of the terms. The Proposer was tasked with providing these definitions and clarifications to Workgroup members.

The Proposer presented the definition of wider works used in the calculation of the annual wider works cancellation charge statement, whereby load-related and non-load related expenditure data provided to NESO by the relevant TO, exclude any Attributable Works costs. Since Attributable Works would in some cases, where CMP447 is applicable, be reduced by the operation of CMP447, so what is removed from wider works would be less, and wider works costs including in the wider works cancellation charge statement zonal charges, would be more.

From CUSC Sections 11 and 15, which includes components required to connect a power station or interconnector to the nearest suitable Main Interconnected Transmission System (MITS) node, excluding any Excepted Works.

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Attributable Works are defined in baseline CUSC as those components of the Construction Works which are required (a) to connect a Power Station or Interconnector which is to be connected at a Connection Site to the nearest suitable MITS Node; or (b) in respect of an Embedded Power Station from the relevant Grid Supply Point to the nearest suitable MITS Node; (and in any case above where the Construction Works include a Transmission substation that once constructed will become the MITS Node, the Attributable Works will include such Transmission substation) but excluding in each case (a) and (b) any “Excepted Works” (the term added by CMP428 – it has its own Section 11 definition), and which in relation to a particular User are as specified in its Construction Agreement;

A TO Representative noted that wider works are a forecast of Capital Expenditure (CAPEX) of TOs over the next 5 years. Attributable Works are excluded from wider works, but Attributable Works would be redefined by this modification as a lower quantum.

A NESO Representative considered that if strategic works are designated as Excepted Works and therefore excluded from Attributable Works via this modification (if approved), their cost would arise in the annual wider works cancellation charge statement – as an element of the wider works cancellation charge (Load Related Boundary CAPEX) is the CAPEX required to increase capability in the network for a given Financial Year, excluding any Attributable Works Capital Cost.

NESO noted that CMP192 immediately after calculating the wider works costs, halves them before publication, on the basis that only half should fall on Generators, due to an assumption that half of new wider network build costs are driven by demand, not generation.

The NESO Representative believed that this was a generous assumption to Generators, at the time of CMP192 (2012). The wider cancellation charges are calculated in relation to Electricity Ten Year Statement (ETYS) zones and will tend to be applied to a number of Generators in a wider cancellation charge zone (the £ charge per zone is divided by the Wider User Commitment Liability Base in capacity terms, to calculate the £/kW zonal charge). Therefore, insofar as some or all costs excluded from a Generator’s Attributable Works, migrate into the wider cancellation charge for that Generator’s ETYS zone, the Generator will gain from halving of the sum, further reduction by application of a Global Asset Reuse Factor

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(GARF) and from it being calculated as spread across the capacity including that of the other Generators in that zone.

A Workgroup member sought clarification on whether Attributable Works could be shared assets. The NESO Representative confirmed that Attributable Works could be shared, and explained the rationale behind securitising Attributable Works, emphasising that Attributable Works are directly caused by the User, whereas wider works (which also comprise part of a Generator's potential cancellation charge, and are also securitised) are more general and spread across a wider group of Users, as well as being halved before publication.

A Workgroup member shared a slide to illustrate the definition and sought confirmation on the inclusion of certain works as attributable. The Proposer confirmed that the definition depends on whether part of the works are designated as strategic works by Ofgem, for example most ASTI or LOTI works.

A Workgroup member highlighted the challenge of providing transparency and clarity while including all relevant works within the definition of Excepted Works. He suggested proposing a list of principles that Ofgem could consider when deciding whether works are designated by Ofgem as strategic.

The Workgroup member supported the idea of having an agreed list that Ofgem published to reduce uncertainty and ensure the earliest clarity for all parties involved. He emphasised the need for a clear outline of what constitutes Excepted Works. NESO noted that Ofgem will enjoy discretion in designating works as strategic yet will seek advice from NESO on the designations.

Workgroup members contended that it would be works that have guaranteed funding and are not dependent on a customer's project that Ofgem would seem likely to designate as strategic, suggesting that a definition could include "any works where there is guaranteed funding irrespective of the generation background". A Workgroup member wondered whether works that gave rise to boundary capacity transfer upgrades, might be the works that should be designated as strategic.

A Workgroup member noted that the definition of "strategic" comes down from Ofgem and Department for Energy Security and Net Zero (DESNZ); They didn't feel that the Workgroup could do much to limit Ofgem's interpretation of the word.

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The two options for the designation approach discussed were:

1. **Designation by Ofgem of a list of transmission schemes:** The NESO connections team would map these works onto projects whose Attributable Works include elements of the designated schemes. This “high level” method allows the process to be applied to relevant newcomers easily and without delay.
2. **Naming Specific Generation Projects and Their Elements:** This approach involves more specific designations, naming the generation developments and their elements. This method would require more frequent updates as new projects sign a connection agreement and would lack any potential for transparency due to the private nature of the information.

Ofgem expressed a preference for the first option, as it provides a more streamlined and transparent process.

A NESO Representative presented a draft of an updated version of the CMP192 guidance note² to the Workgroup to help interpret the definition of Attributable Works. They advised that the guidance note needs updating to reflect CMP428, and that a draft update, to be used if CMP447 were approved, sought to provide some context on how the designation of strategic works by Ofgem is likely to be work in practice, whilst not fettering Ofgem’s discretion.

Concerns about the Wider Zonal Charge

The Proposer discussed the inclusion of works removed from Attributable Works in the CMP447 within the zonal wider works cancellation charge. They noted that the definition of Attributable Works was altered in CMP428, and the expansion of Excepted Works would impact the wider cancellation charge, as the load-related and non-load related capital expenditure costs across boundaries from TOs that drives the calculation of the wider cancellation charge, excludes the cost of “Attributable Works”, which for relevant pre-commissioning Generators, would be a lesser amount under CMP447. The calculation method for the wider cancellation

² <https://www.nationalgrid.com/sites/default/files/documents/5638-CMP192%20Updated%20Guidance%20Document.pdf>

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charge zonal amounts first discards half of the costs under the section 15 method (based on a generous assumption that half of network reinforcement costs are driven by demand), also discarding a further third based on the global asset re-use factor. Therefore, not all of the cost removed from the Attributable Works (the “Excepted Works” cost), appears in the numerator cost used to calculate the wider works cancellation charge; only a third does. The denominator (the capacity across which it is spread) used to convert this cost into the wider zonal cancellation charge, is the capacity of all Generators in that ETYS zone.

Concerns were raised about this potential impact on the wider zonal charge if the definition of Attributable Works changes. Workgroup members raised concerns about the potential for rezoning (in terms of ETYS zones) of the Scottish Islands, which could result in Generators on an island facing (and securing) a higher wider zonal potential cancellation charge.

A Workgroup member noted that an argument could be made for the exclusion of CMP447’s Excluded Works, from the calculation of the wider works potential cancellation charge liability, as well as from attributable works.

A Workgroup member requested that the detailed discussion and clarification on the wider zonal charge be documented and communicated.

A Workgroup member mentioned that the TO’s input may be necessary for identifying Excepted Works. They suggested that an STC modification might be needed for formal notification requirements. The matter of an STC modification is covered above in the section headed “Interactions”; a presentation is to be made by NESO at the 31 July STC Panel meeting preparing them for the need of a simple consequential change to the STC if CMP447 is passed.

Risk to Transmission Owners

Workgroup members expressed their support for the modification insofar as it would represent an inefficiency to require Generators to accept liability and securitise works if the risk of stranded TO spend in relation to those works is genuinely zero, as they are needed even if that Generator(s) cancels.

The general consensus among Workgroup members was that if strategic works are funded regardless of Generator projects, the TO risk is minimal. This raised

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questions about the necessity of requiring Generators to provide securities for these works and highlighted the value of this change proposal.

A Workgroup member expressed concern about the potential for rezoning or sub-zoning of the Scottish Isles in terms of ETYS zonal definitions, which could significantly increase wider works charges for Generators on the Isles.

It was suggested that the draft guidance note seeks to clarify whether the basis of designation of Excepted Works can take account of an assessment of whether a transmission scheme is Generator-dependent.

Workgroup members emphasised the importance of balancing the risk of stranded assets with the need to provide confidence to Generators and avoid excessive securities.

Consideration of other options

A Workgroup member argued that a community generation project has nowhere else that it might be developed at if cancelled and suggested excluding community generation projects from the CUSC Section 15 User Commitment regime that is rooted in [CMP192](#). NESO responded that this concept is outside the identified defect of this modification proposal, so that it would require its own different modification proposal to be raised by a stakeholder.

What is the solution?

Proposer's Original solution

A concept of the solution was taken to the Transmission Charging Methodology Forum (TCMF), on 09 January 2025. It would have, as its main part, extended the effect of [CMP428](#) to ASTI and LOTI works. Stakeholder views expressed at TCMF were that not all of the works that should be excluded from parties' Attributable Works under this modification, in addition to the effect of [CMP428](#) (HND), will be ASTI and LOTI works. It was suggested that some works in TOs' business plans that do not

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fall in either category, not being not later tagged during the course of the present Transmission Price Control, RII0-T2, as LOTI works, can nonetheless occasionally comprise strategic onshore reinforcement, and that a better formulation for the solution, embodied in CMP447, than referring to ASTI and LOTI, would be to add something like *"or any other Construction Works which have been designated as comprising 'onshore transmission reinforcement' by the Authority"* to the existing baseline (CMP428-based) definition of excluded works. The optimal formulation of the legal text can be debated at the Workgroup.

This modification solution also embodies adjustment of the Attributable Works for relevant Generators that had fixed their Attributable Works, to remove the cost of the part of their fix that represented excluded works under this modification.

Draft legal text

Draft Legal text can be found in **Annex 04**.

The following considerations were taken into account when creating the draft legal text:

In Section 11, the existing definition of Attributable Works has square brackets around "Excepted Works" ("... excluding in each case (a) and (b) any [**Excepted Works**]....")

The proposer of CMP447 noted that these square brackets shouldn't be there and proposed to remove them as part of the legal text for CMP447. They noted that Excepted Works were indeed added as a separate definition as part of CMP428 and are the only thing that could go at that place, but clearly in CMP428 work, the square brackets had never been removed when at some time they should have been. This removal of the erroneous square brackets was the only change suggested to the definition of Attributable Works in Section 11.

The only other definition in Section 11 to change, was that of Excepted Works. The word "either" was proposed to be added within the existing definition, plus the closing extra words "or otherwise so designated".

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The first part of the modification was thus proposed to be given effect entirely within the two interacting definitions in Section 11, just as has been the case for CMP428 as captured in baseline.

The second part of the modification, the adjustment of the fix, was proposed to be given effect via an addition at the end of paragraph 6.2 of Section 15, see **Annex 04**.

What is the impact of this change?

This would address the defect that Users are providing unnecessary securities – creating a barrier to entry. This change Proposal would remove this barrier and would thereby deliver benefits including the facilitation of Net Zero, acceleration of User's connections, and the minimisation of construction delays.

Thus, where (for instance) the Authority has designated Transmission Reinforcement Works as relevant for this modification (or whatever other formulation for identifying the excluded works the Workgroup, and Workgroup Consultation consultees, may identify or suggest), Users would no longer securitise for these specific works. NESO will need to confirm when the securities would be able to be released.

The change will be beneficial to a range of Generators. Some worked examples were provided to the Workgroup with one already presented to TCMF on 09 January. NESO's connections team will not have resource to do a comprehensive assessment of the number of beneficiaries ahead of remission of the Final Modification Report to Ofgem.

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Original Proposer's assessment against Code Objectives

Original Proposer's assessment against CUSC Non-Charging Objectives	
Relevant Applicable Objective	Identified impact
(i) The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;	Neutral
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;	Positive Enhances competition by ensuring that generation stakeholders all face appropriate Attributable Works within their potential cancellation charge liabilities (and hence are securitising an appropriate amount). It will, if passed, provide clarity to the industry on what assets are classified as Attributable Works for Generators. It is likely that an increasing number of Customer connections will be realised by reducing the number of unnecessary securities required by Generators/demand Customers.
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	Neutral

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(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Neutral
<p><i>* See Electricity System Operator Licence</i></p> <p><i>**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.</i></p>	

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories	
Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	None
Lower bills than would otherwise be the case	<p>Positive</p> <p>Possible that more efficient competition could reduce bills allowing net zero to be achieved more cheaply.</p> <p>Progressing with reform now will ensure that the securities regime is fit for purpose to support timely connection of projects whose Attributable Works include parts of transmission schemes that are not Generator-dependent</p>
Benefits for society as a whole	<p>Positive</p> <p>Possible that more efficient competition could allow net zero to be achieved more cheaply and sooner. The modification if passed would help meet net zero targets of both the Scottish</p>

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	Assembly and UK government by enabling additional renewable development. Potential benefit to local, regional and national economies, through enabling community-owned and other generation developments.
Reduced environmental damage	Positive More efficient competition could allow net zero to be achieved more cheaply and sooner.
Improved quality of service	None

When will this change take place?

Implementation date

10 Business Days after an Authority Decision to approve.

Date decision required by

The modification will be with The Authority for determination by, based on the plan as at today, 15 October 2025 (if we can advance the Workgroup progress, depending on outstanding work there, we will). As it is an urgent modification as defined by The Authority, it is hoped that the decision will not take too long.

Implementation approach

NESO's Connections function will aim to take account of the modification in Gate 2 offers provided that the modification is implemented in time, so that the securities in relevant offers can reflect the benefit of the modification, and will aim to repay surplus securities lodged by relevant Generators as soon as possible where a fixed attributable profile has been selected which included the costs of some works now designated for the purpose of this modification proposal, by the Authority.

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Interactions

- | | | | |
|--|--|---|--------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input checked="" type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European
Network Codes | <input type="checkbox"/> EBR Article 18
T&Cs ¹ | <input type="checkbox"/> Other
modifications | <input type="checkbox"/> Other |

How to respond

Standard Workgroup Consultation questions

1. Do you believe that the Original Proposal better facilitates the Applicable Objectives versus the current baseline?
2. Do you support the proposed implementation approach?
3. Do you have any other comments?
4. Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?
5. Does the draft legal text satisfy the intent of the modification?
6. Do you agree with the Workgroup's assessment that the modification does not impact the European Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?

Specific Workgroup Consultation questions

7. Can you suggest a better definition, than those put forward in the Workgroup Consultation of how Ofgem might exercise its discretion in relation to designation of transmission works?
8. Can you suggest an alternative approach to adjustment of the 'fix' of the Attributable Works to that in the Original Proposal?
9. Do you consider that if works are to be removed from the Attributable works cancellation charge (and therefore not securitised via the Attributable Works component of a Generator's potential cancellation charge), because they are designated as "Excepted", the definition of wider works cancellation charge should be altered so as to remove them from the wider works cancellation charge?

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10. Following on from Question 9, does this require a different modification if so?
11. Is it important is it for this solution to be implemented in time for Gate 2 offers being issued? Please explain your rationale.

The Workgroup is seeking the views of CUSC Users and other interested parties in relation to the issues noted in this document and specifically in response to the questions above.

Please send your response to cusc.team@neso.energy using the response proforma which can be found on the CMP447 [modification page](#).

In accordance with Governance Rules if you wish to raise a Workgroup Consultation Alternative Request, please fill in the form which you can find at the above link.

If you wish to submit a confidential response, mark the relevant box on your consultation proforma. Confidential responses will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel, Workgroup or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

Acronyms, key terms and reference material

Acronym / key term	Meaning
ASTI	Accelerated Strategic Transmission Investments
BCA	Bilateral Connection Agreement
BSC	Balancing and Settlement Code
CAPEX	Capital Expenditure

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CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
DESNZ	Department for Energy Security and Net Zero
DND	Detailed Network Design
DNO	Distribution Network Operator
EBR	Electricity Balancing Guideline
ETYS	Electricity Ten Year Statement
FMR	Final Modification Report
GARF	Global Asset Reuse Factor
HND	Holistic Network Design
LOTI	Large Onshore Transmission Investment
MITS	Main Interconnected Transmission System
MSIP	Medium Sized Investment Project
NESO	National Energy System Operator
RIIO	Revenue Incentives Innovation Outputs
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
TCMF	Transmission Charging Methodologies Forum
TO	Transmission Owner
T&Cs	Terms and Conditions

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Annexes

Annex	Information
Annex 01	CMP447 Proposal form
Annex 02	CMP447 Terms of reference
Annex 03	CMP447 Urgency letters
Annex 04	CMP447 Draft Legal Text
Annex 05	CMP447 Orkney case Study
Annex 06	CMP447 Worked Examples ASTI and Non-ASTI
Annex 07	CMP447 Draft CMP192 Updated Guidance Note
Annex 08	Wider Cancellation Charge Information slide