

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

Workgroup 6, 12 August 2025

Online Meeting via Teams

WELCOME

Agenda

Topics to be discussed	Lead
Welcome	Chair
Action Log Review	Chair
Review of Workgroup Consultation Responses	All
Proposer's Update	HT/PM
Any Other Business	All
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

Workgroup Membership

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

CMP447 Urgent Timeline as of 07 August 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

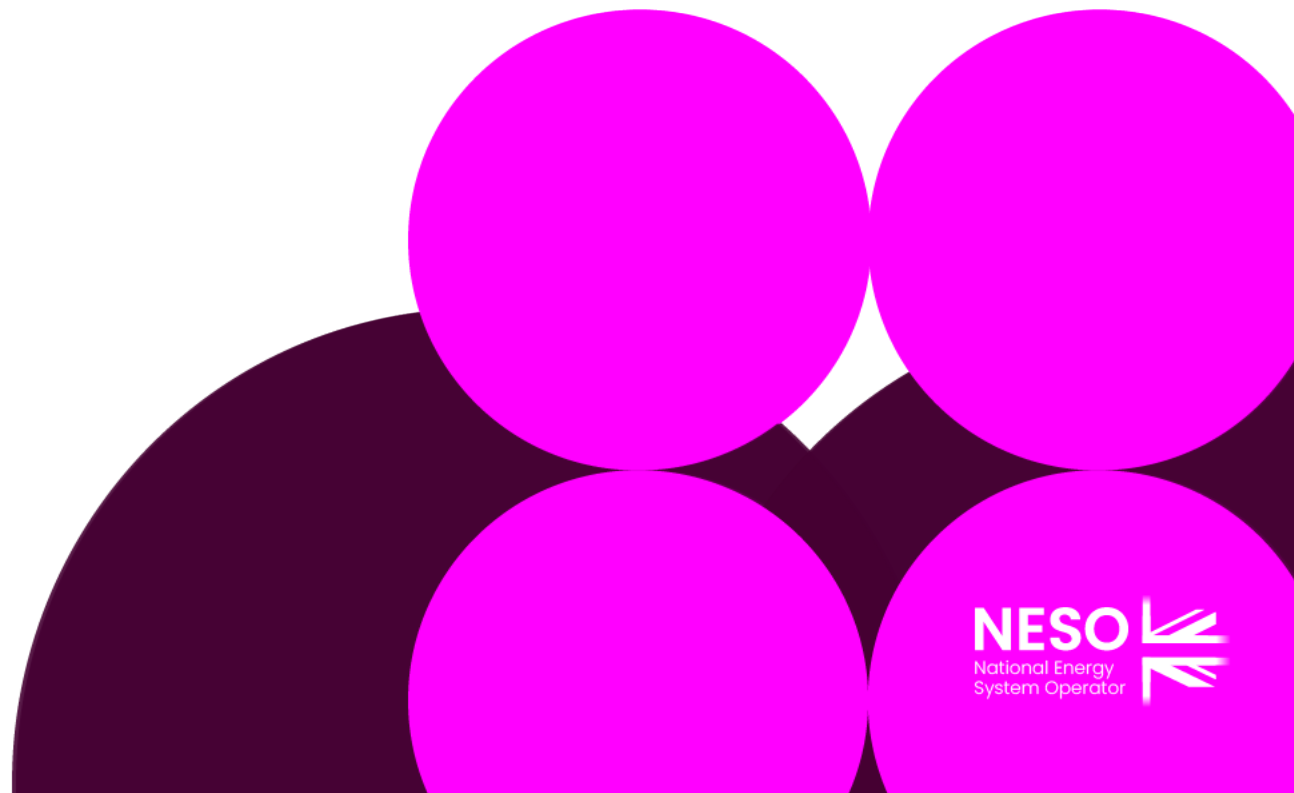


Action Log

Action	Description	Owner	Due	Status
20	Review and clarify the application and wording of the global asset reuse factor in the CUSC and feed back to the Workgroup..	PM/HT	WG6	Open
21	Investigate whether a shorter response window and/or a reduction of post-consultation workgroup meetings is possible.	SW	WG6	Open

Review of Workgroup Consultation Responses

All



CMP447 Workgroup Consultation Responses Review

Number of Responses/Alternatives	
Confidential Responses	2
Non-Confidential Responses	27
Alternative Requests Raised	0

Industry Sector Representation*	
Consumer body	0
Demand	0
Distribution Network Operator	0
Generator	17
Industry body	1
Interconnector	0
Storage	2
Supplier	0
System Operator	1
Transmission Owner	2
Virtual Lead Party	0
Other	4

*Please note some responses represent a number of industry sectors and this tally does not include confidential Respondents

CMP447 Workgroup Consultation Responses Review

Question	Number of Respondents			
	Objectives	Yes	No	N/A or No response
Do you believe that the Original Proposal better facilitates the Applicable Objectives?	i	27		
	ii	27		
	iii	1		
	iv	4		
Do you support the proposed implementation approach?		25	2	
Does the draft legal text satisfy the intent of the modification?		12	11	4
No respondents raised Workgroup Alternative Requests during the Workgroup Consultation, however 1 respondent noted they potentially submit the request.				
1 respondent indicated that they disagreed 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 CUSC.				

CMP447 Standard Workgroup Consultation Responses Review

Key Points

- All respondents agreed that the original solution better facilitates objectives i and ii.
- 25 out of 27 Respondents support the proposed implementation approach.
- 1 respondent will potentially raise an alternative.
- Over half of the Respondents believe the legal text satisfies the intent of the modification
- 1 respondent notes there are EBR impacts

CMP447 Specific Workgroup Consultation

Responses Review

Q7 Can you suggest a better definition, on how Ofgem might exercise its discretion in relation to designation of transmission works?

- Establish Clear, Objective Criteria: Define specific, measurable criteria for designating transmission works as Attributable or Excepted. This could include parameters such as the geographical scope, purpose, and direct beneficiaries of the work, ensuring that all stakeholders understand on what basis decisions are made.
- Transparent Decision-Making Process: Outline a standardised process for designation, including consultation with relevant parties, timelines for decision-making, and clear documentation of rationale. This will increase trust and clarity for all generators and developers.
- Consistent Application Across Projects: Ensure that the principles applied to designation are consistent across all projects to avoid ambiguity and perceptions of unfairness, supporting a more level playing field for all market participants.
- Regular Review and Stakeholder Input: Build in a periodic review of designation principles and invite ongoing feedback from industry participants, especially in light of new technologies or evolving market conditions.
- Clear Principles for Excepted Works: Define 'Excepted Works' with precision, outlining which types of works or circumstances fall outside Ofgem's discretion, and provide illustrative examples to guide consistent practice.
- Risk Allocation Justification: Where discretion is exercised, Ofgem should clearly articulate how the allocation of risk between Transmission Owners (TOs) and Generators is determined, particularly with regard to capital costs and security requirements.
- Alignment with Market Objectives: Any exercise of discretion should demonstrably support the objectives of increased competition, efficient infrastructure utilisation, and fair access for new entrants, especially smaller players in strategically important areas.
- Advance Clarity Prior to Offer Acceptance: Provide clear designation decisions before the acceptance of Gate 2 or similar offers, enabling developers to quantify their obligations and make informed investment decisions.

CMP447 Specific Workgroup Consultation

Responses Review

Q8 Can you suggest an alternative approach to adjustment of the 'fix' of the Attributable Works to that in the Original proposal?

- **Dynamic Asset Designation:** Instead of a static list, establish a periodic review process allowing Attributable Works to be reclassified based on evolving project circumstances, ensuring the classification remains relevant and reflects the latest network needs and generator profiles.
- **Phased Security Adjustments:** Link securities directly to project milestones. As specific Attributable Works are completed or redefined, allow for immediate adjustment in security requirements—reducing unnecessary capital lock-up for generators and streamlining cashflow throughout the project lifecycle.
- **Transparent Criteria and Governance:** Develop and publish clear, transparent principles for designating both Attributable and Excepted Works, including a formal mechanism for stakeholders to propose and review changes, which would address the current areas of ambiguity and build industry confidence.
- **Stakeholder Engagement and Appeals:** Introduce a structured appeals process so generators can challenge asset designations or security calculations, providing an equitable pathway to resolve disputes and ensuring the system adapts to diverse project realities.
- **Integration with Gate 2 Timelines:** Coordinate all modifications with the Gate 2 offer cycle. By synchronising adjustments, developers gain clarity before offer acceptance, reducing risk and supporting timely investment decisions.
- **Targeted Support for Smaller Generators:** Consider differentiated security profiles or capped requirements for smaller or community-led projects, lowering barriers to entry in strategically valuable locations and encouraging broader participation in the market.
- **Ongoing Benefit Realisation:** Establish a feedback loop where surplus securities are repaid automatically as Attributable Works are delivered or re-categorised, providing tangible benefits to generators and incentivising efficient project delivery.

CMP447 Specific Workgroup Consultation Responses

Review

Q9 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 Generators 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?

- Broad support exists for removing certain works from the Attributable Works cancellation charge, especially if they are designated as "Excepted".
- The removal of these assets helps remove prohibitive security requirements from impacted generators, thereby improving competition and levelling the playing field.
- Clarity is needed regarding the principles and processes for designating works as "Excepted". Understanding this is crucial for all stakeholders, especially as the current system is complex and challenging to interpret.
- There is general support for aligning modifications with key offer milestones (such as Gate 2), to ensure that security requirements and cancellation charges reflect any changes in asset designation in a timely and transparent manner.
- Adjusting the definition of wider works cancellation charge to remove "Excepted" works is implied as logical and necessary—this would further clarify liability allocations, simplify calculations for developers, and prevent double-counting or overlapping security requirements.
- Overall, these changes would reduce barriers to entry, promote innovation, and provide certainty for both large and small generators, while ensuring the infrastructure is efficiently utilised.

CMP447 Workgroup Consultation Responses Review

Q10 Following on from question 9, does this require a different modification if so?

- The current proposal (CMP447) aims to address issues around security profiles, asset classification, and clarity for generators, with broad support from respondents.
- There is emphasis on the need for better-defined principles around Excepted Works and clearer processes for their designation.
- No direct argument is made that a different or additional modification is required—the comments suggests support for the current proposal, provided it delivers improved clarity and aligns with new offer timings.
- If the principles for Excepted Works or the processes for their definition remain ambiguous after implementation, there may be a need to revisit or propose further modifications to address these specific gaps. However, the current support is contingent on these issues being adequately addressed in the present proposal.

CMP447 Workgroup Consultation Responses Review

Q11 Is it important for this solution to be implemented in time for Gate 2 offers being issued?

- There is full support (all 27 respondents) for aligning the implementation of the solution with the issuing of new Gate 2 offers in the autumn.
- Implementing the modification in time ensures that securities in Gate 2 offers can reflect the benefits of the changes and that surplus securities can be repaid to relevant Generators swiftly.
- Timely implementation is seen as critical for projects approaching key periods, as it provides clarity on financial requirements and helps manage significant capital costs.
- Alignment with Gate 2 arrangements is viewed as essential to provide certainty and clarity before offer acceptance, remove barriers to entry, and improve competition in the sector.

CMP447 Workgroup Consultation Responses

Review

Key concerns

- The current classification and securitisation of assets lacks clarity, making it challenging for generators to understand their liabilities and calculate their share.
- Existing security requirements can be prohibitive, particularly for smaller generators, acting as barriers to entry and competition.
- The necessity for timely modification implementation to ensure securities in Gate 2 offers accurately reflect the new arrangements and do not impose surplus requirements on generators.
- The current methodology is seen as complex and ambiguous, with significant "grey areas" affecting project planning and financial certainty.
- There is a need for transparency regarding the principles and processes for defining Excepted Works.
- Projects facing critical periods post-Gate 2 need clear, early understanding of all financial requirements due to their substantial impact on capital costs.

Any Other Business

Sarah Williams – NESO Code
Administrator



Next Steps

Sarah Williams – NESO Code
Administrator

