Public

CMP423 Generation Weighted Reference Node

Workgroup 8 (14 August 2025 – 10.00am)

Online Meeting via Teams

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Agenda

#	Topics to be discussed	Lead
1.	Welcome and Expectations	Chair
2.	Objectives and Timeline Review	Chair
3.	Interactions with other modifications	All
4.	Centrica Consultation Response	All
5.	Review Workgroup Report	All
6.	Review Draft Legal Text	All
7.	Review Terms of Reference	Chair
8.	Actions update	Chair
9.	Any Other Business	Chair
10.	Next Steps	

WELCOME

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Expectations of a Workgroup Member

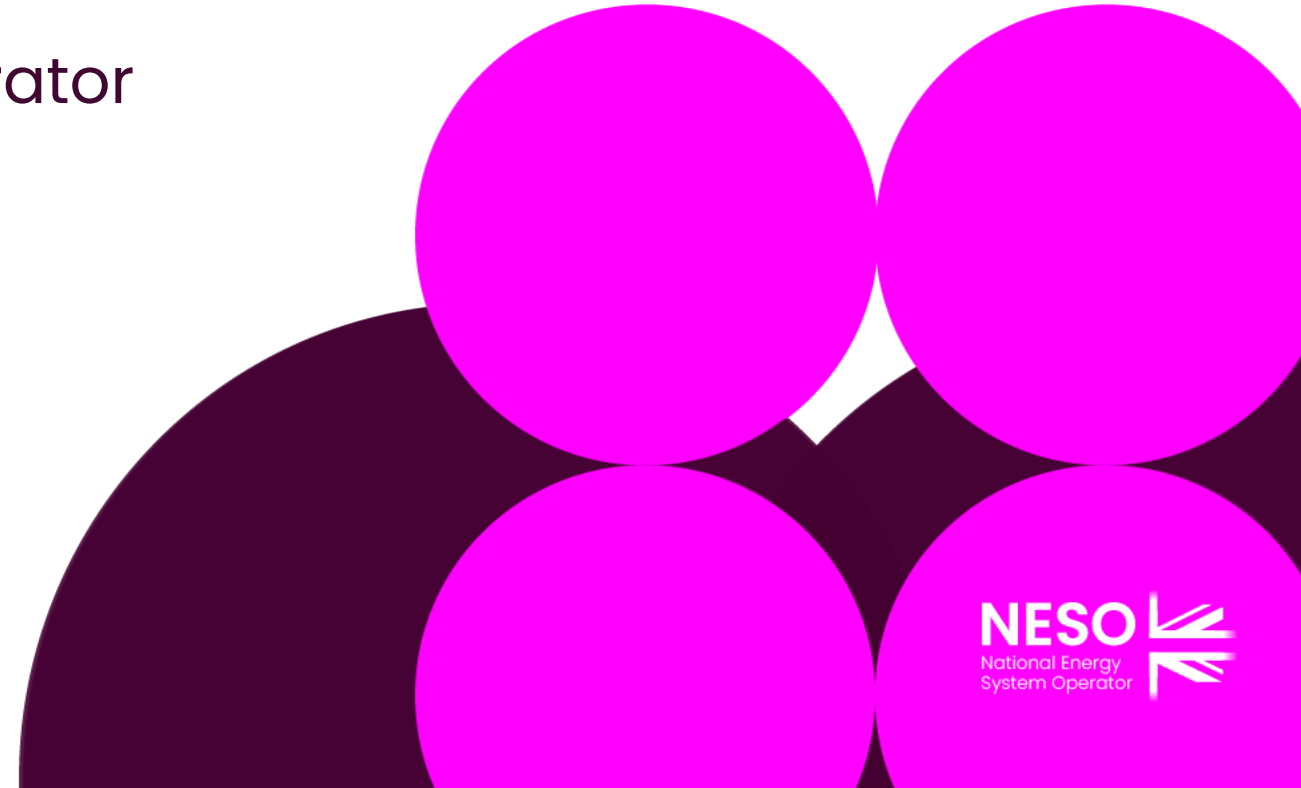
- Contribute to the discussion
- Be respectful of each other's opinions
- Language and Conduct to be consistent with the values of equality and diversity
- Do not share commercially sensitive information
- Be prepared – Review Papers and Reports ahead of meetings
- Complete actions in a timely manner
- 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

Objectives and Timeline

Claire Goult – NESO Code Administrator



Timeline

Objectives

Interactions with other modifications

Review Workgroup Report and Legal Text

Review Terms of Reference

Workgroups	
CMP423 Workgroup 1	22 January 2024
CMP423 Workgroup 2	17 April 2024
CMP423 Workgroup 3	17 December 2024
CMP423 Workgroup 4	25 March 2025
CMP423 Workgroup 5	01 May 2025
CMP423 Workgroup 6	22 May 2025 PM
CMP423 Workgroup Consultation	29 May 2025 – 20 June 2025 (15BD)
CMP423 Workgroup 7	10 July 2025
CMP423 Workgroup 8	14 August 2025
CMP423 Workgroup 9	03 September 2025
CMP423 Workgroup Report to Panel	18 September 2025
Post Workgroups	
CMP423 Code Administrator Consultation	09 October 2025 – 31 October 2025
CMP423 Draft Final Modification Report to Panel	20 November 2025
CMP423 Final Modification to Ofgem	09 December 2025
CMP423 Implementation Date	**01 April 2027**

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Interactions with other modifications

Interaction with other modifications

CMP444

- CMP444 Ofgem Decision
- How does this impact CMP423?

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Interaction with other modifications

Comments mentioning interactions with CMP440

References to CMP440 to be reduced and reinstate the purpose of the modification in the Workgroup Report.

Comments from respondents:

- Three respondents felt decision on CMP423 does not impact decision on CMP440 and there was no conflict as achieves similar outcomes for Demand customers.
- Two respondents felt CMP423 was complimentary to CMP440 with one stating it aligns with the broader direction of the wider charging policy. However, one respondent was unclear whether this is a relevant consideration stating that the Proposal is redundant for the purpose of addressing the zero-price floor issue because it does not address the relevant defect.
- Two respondents felt CMP440 would better address the defect caused by the floor on demand TNUoS charges.
- Concerns about the lack of coordination between CMP423 and CMP444, the adverse impacts on southern generators, and propose that CMP423, CMP440, and CMP442 be considered together for better clarity and decision-making
- Concluding CMP423, CMP432, CMP440, and CMP442 before implementing CMP444 and sharing updated projections to 2035 will ensure informed decision-making and benefit the industry.
- CMP440 would better address the defect caused by the floor on demand TNUoS charges as it seeks to remove the floor and directly address why the floor was implemented.

Interactions with other modifications

Comments mentioning interactions with CMP442 and CMP444

- Implementing CMP423 independently of CMP444 will result in fairer cost distribution among network users and significant savings for consumers without distorting the cost reflectivity of charges.
- Ofgem should decide on CMP423 before investors in CfD AR7 make final decisions and before CMP442 fixed charges are introduced, as CMP423 alone may not sufficiently reduce charges to attract new investment in northern zones.
- The implementation of CMP444, CMP423, and CMP432 will enhance predictability, reduce volatility, lower TNUoS charges, and ultimately decrease consumer bills.
- CMP423, CMP432, and CMP444 all aim to correct flaws in the current methodology and can be independently approved and implemented without affecting each other's validity.
- More efficient for CMP423 to be decided upon, and if approved, implemented prior to users being allowed to fix their TNUoS charges under CMP442.

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Consultation Response Discussion

Centrica consultation response – Action 25

Proposer Response - Possible misunderstandings?

Locational Demand charges

Is it beneficial that the modification would largely reinstate the gradient of locational Demand charges?

The one respondent who disagreed felt that the aim of this modification was not intended to address the gradient of locational Demand charges and that it had not been demonstrated that changing the reference node is the most appropriate solution to the zero-price floor issue.

(Centrica – Greg)

Workgroup Report Review

Legal Text Review

Terms of Reference Review

CMP423 - Terms of Reference

Workgroup Term of Reference
a) Consider EBR implications
b) Consider implications for the network sharing calculation in the Transport and Tariff model
c) Consider potential locations for new generation such as via the TEC Register, seabed leasing, or other planning sources
d) Consider the impact on tariffs that may arise from changes in the way circuits may be placed into either Peak Security and Year-Round buckets.
e) Consider the impact on demand customers contribution from a different location signal especially those unable to react to those signals
f) Consider interactions with other Task Force modifications
g) Consider if the assumption that change in generation will displace generation elsewhere is an appropriate assumption now and in the future.
h) Consider whether the reduction within generation charges approaches the euro floor in the limiting regulation and what would happen in that circumstance
i) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.

Action – Amend to reflect the Workgroup Report

Workgroup Term of Reference	Comments
a) Consider EBR implications	Page 30 Consultation document members agreed no impact/Consultation Question 6 – 11 Respondents agreed no impact (3 did not respond)
b) Consider implications for the network sharing calculation in the Transport and Tariff model	Page 30-32 Consultation document
c) Consider potential locations for new generation such as via the TEC Register, seabed leasing, or other planning sources	Page 32 – 35 Consultation document
d) Consider the impact on tariffs that may arise from changes in the way circuits may be placed into either Peak Security and Year-Round buckets.	Page 35 Consultation document
e) Consider the impact on demand customers contribution from a different location signal especially those unable to react to those signals	Page 16-18 Consultation document
f) Consider interactions with other Task Force modifications	Page 36 Consultation document and Analysis/Consultation Question 9 Responses on interactions with other modifications.
g) Consider if the assumption that change in generation will displace generation elsewhere is an appropriate assumption now and in the future.	Page 7 and 10 Consultation document/Consultation Question 10 Responses
h) Consider whether the reduction within generation charges approaches the euro floor in the limiting regulation and what would happen in that circumstance	Page 36 – 37 Consultation document
i) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.	Page 37 Consultation document

Action Update – address legacy and current actions

CMP423 Actions Review

Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
1	WG3	DH	Analysing the impact of the proposed changes on different technologies and locations	WG4	Closed	Spreadsheet circulated and presented WG4
2	WG3	JT	Review and suggest amendments to Section 14.15.52 to support the proposal	WG4	Closed	Initial thoughts provided by Proposer and circulated
3	WG3	DH	Prepare an analysis of impact proposed data of tariffs on later years to understand comparisons for NESO to look at the differences in flow	WG4	Closed	Spreadsheet circulated and presented WG4
4	WG4	DH	Analysis to include output tariffs for CMP423 combined with other CMP444 WACMs, beyond just WACM 1.	TBC	Closed	Analysis discussed Workgroup 5
5	WG4	DH	Analysis on interaction with CMP432 Original	TBC	Closed	Analysis discussed Workgroup 5
6	WG4	NC	NESO legal team to review legal text suggestions and consider comments from CMP423 related to the worked examples (Section 14.21)	TBC	Closed	NC provided an update on worked examples but will confirm in more detail
7	WG4	CG	Evaluate the current timeline leading up to the Workgroup Report and circulate a new draft to Workgroup members	TBC	Open	Timeline updated and invites sent out
8	WG4	CG	Draft and circulate the Workgroup Consultation document	TBC	Closed	

CMP423 Actions Review

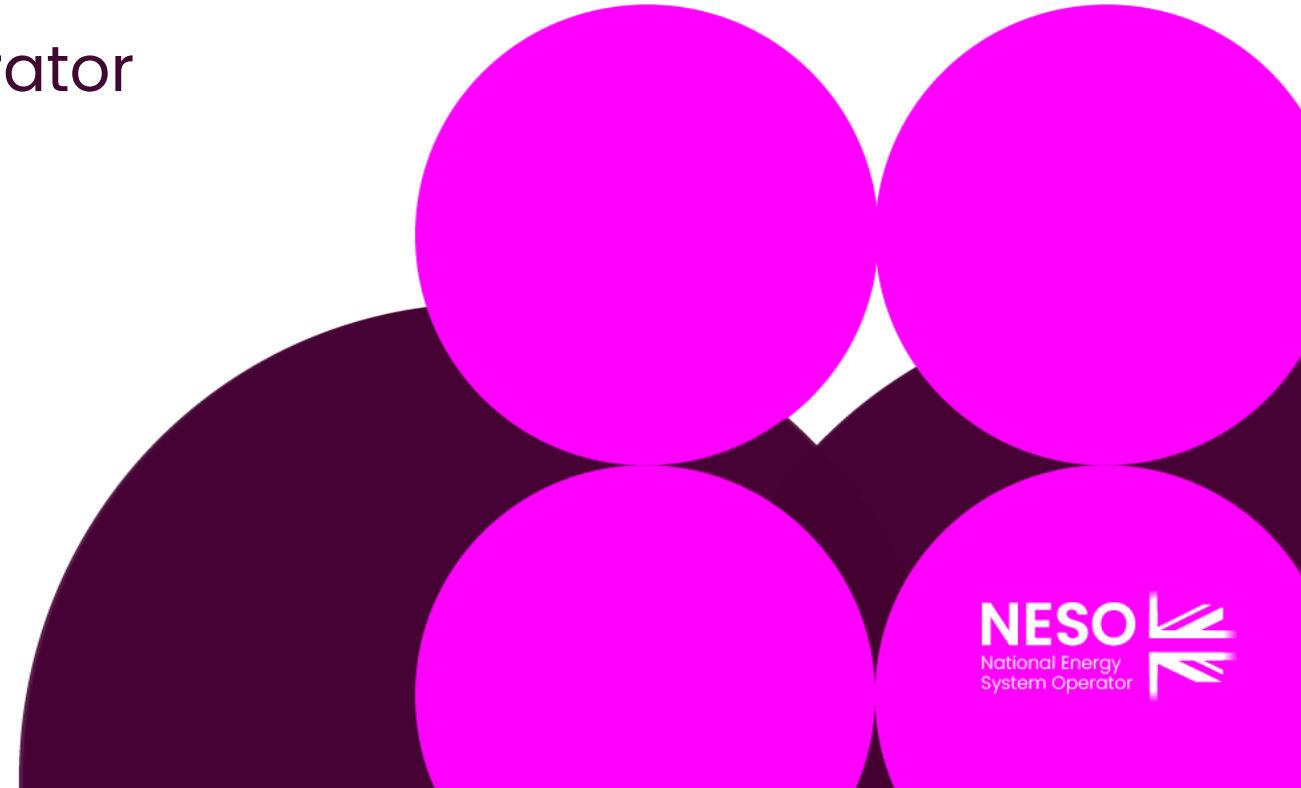
Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
9	WG4	CG	Question for CUSC Panel – Clarification of what is meant by Terms of Reference (c)	TBC	Closed	A Panel member responded with their interpretation and shared in WG5
10	WG5	JT	Update the Legal Text to include the additional section about local circuits and reference nodes	WG6	Closed	
11	WG5	JT	Add a section to the Workgroup Consultation to clarify the likely impact on CFD prices and include the pounds per MW hour equivalent impact	WG6	Closed	Consultation available on the collaboration space for members
12	WG5	JT	Add graphical representations to the Workgroup Consultation to help articulate the data analysis.	WG6	Closed	Graphs added to consultation
13	WG5	JT	Provide a summary of the different WACMs for inclusion in the Workgroup Consultation.	WG6	Open	
14	WG5	NC	Update the work examples in the Legal Text to reflect the CMP423 solution.	WG6	Open	
15	WG5	JT	Ensure the analysis related to the impact on demand customers and the generation-demand split is clearly explained in the Workgroup Consultation.	WG6	Closed	
16	WG5	JT	Add a section to Workgroup Consultation to explain the interaction between CMP423 and CMP440	WG6	Closed	

CMP423 Actions Review

Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
17	WG6	NC	align the axis on the graph and consolidate them into a single chart.	23 May 2025	Closed	
18	WG6	JT	Add the suggested proportions to the spreadsheet for a clearer understanding of the impact.	23 May 2025	Closed	
19	WG6	JT	Incorporate the overall impact on revenue collection from demand charges rather than dividing it into separate rates. Proposer to add this information to the report.	23 May 2025	Closed	
20	WG6	DS	Arrange for a slot on the next TCMF meeting.	4 June 2025	Closed	
21	WG6	CG	Share Workgroup Consultation with Workgroup members for review.	23 May 2025	Closed	
22	WG6	ALL	Review the Consultation Report and send comments by EOD Tuesday 27 May	27 May 2025	Closed	
23	WG7	CG	Share Workgroup Report with Workgroup members to review	TBC	Open	
24	WG7	NC/CG	NC to share suggested amendments to legal text to the Chair who will circulate to members for review	TBC	Open	
25	WG7	JT	Reach out to GE from Centrica regarding consultation respond and feedback to WG	WG8	Open	

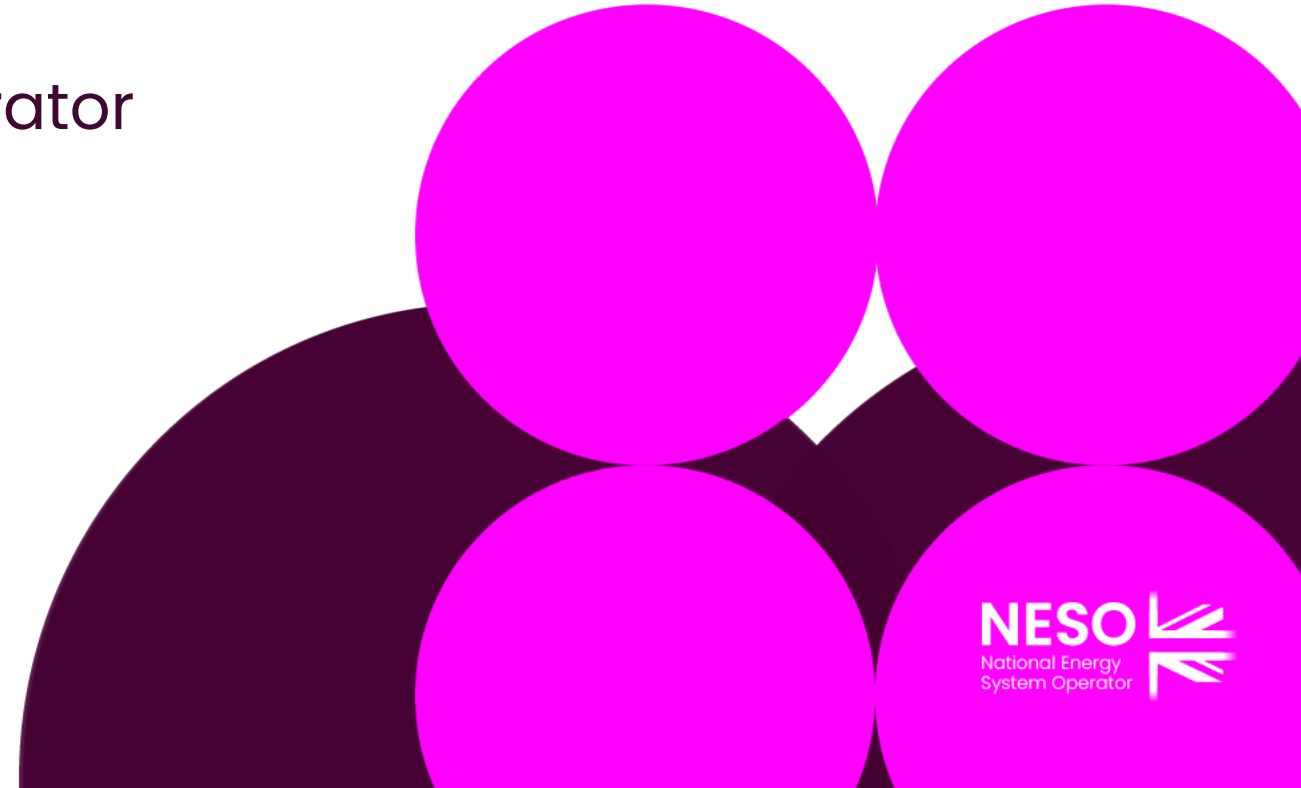
Any Other Business

Claire Goult – NESO Code Administrator



Next Steps

Claire Goult – NESO Code Administrator



Workgroup Vote – Check details and eligibility

Workgroup Membership

Role	Name	Company	Alternate
Chair	Claire Goult	NESO	
Tech Sec	Andrew Hemus	NESO	
Proposer	John Tindal	SSE	Damian Clough
Workgroup Member	Niall Coyle	NESO	Paul Mott
Workgroup Member	Ryan Ward	Scottish Power Renewables	Joe Dunn/Hector Perez
Workgroup Member	Robin Dunne	Intergen UK	Ben Butler
Workgroup Member	Robert Longden	Enco Energy Trade	
Workgroup Member	Tom Steward	RWE	Lauren Jauss
Workgroup Member	Dennis Gowland	Research Relay Ltd	John Morgan
Workgroup Member	Simon Lord	Engie	Andrew Rimmer
Workgroup Member	Gregory Edwards	Centrica	James Knight
Workgroup Member	Graham Pannel	BayWa r.e	Jonathan Oguntona
Workgroup Member	Nick Sillito	Peakgen	
Workgroup Member	Nicolas Lescal	Ocean Winds	Giulia Licocci
Workgroup Member	Paul Youngman	Drax	Joshua Logan
Workgroup Member	Binoy Dharsi	EDFR	Glenn Smith

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Workgroup Membership

Role	Name	Company	Alternate
Subject Matter Expert	Dan Hickman	NESO	
Workgroup Observer	William Maidment	Vention Energy	
Workgroup Observer	Alan Kelly	Corio Generation	
Workgroup Observer	Faiva Wadawasina	Bellrock offshore Windfarm Limited/ Broadshore Offshore Windfarm limited	Barney Cowin
Workgroup Observer	Archie Campbell	Zenobe	Tom Palmer
Workgroup Observer	Chia Nwajagu	Ørsted	David Wellard
Workgroup Observer	Sally Ann Young	SSE	
Workgroup Observer	Jess Rivalland	NESO	
Workgroup Observer	Nina Sharma	Drax	
Authority Representative	David Ffrench-Mullen	Ofgem	