Public

Final Modification Report

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

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.

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.

Modification process & timetable

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**
   21 October 2025
7. **Implementation**
   10 Business Days following Authority decision

Have 20 minutes? Read our Executive summary
Have 160 minutes? Read the full Final Modification Report
Have 190 minutes? Read the full Final Modification Report and Annexes.

Status summary: This report has been submitted to the Authority for them to decide whether this change should happen.

Panel recommendation: The Panel recommended unanimously that the Original, WACM1, WACM2 and WACM3 better facilitated the Applicable CUSC Objectives.

This modification is expected to have a: Low impact on Suppliers, a low impact on most Generators, but a high impact on some Generators.

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?	**Proposer:** Harvey Takhar, NESO Harvey.Takhar@neso.energy Phone: 07707 176265	**Code Administrator Chair**: Sarah Williams Sarah.Williams@neso.energy Phone: 07593899145

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Executive Summary

The modification aims to extend the effect of the approved modification CMP428 to other strategic circuits as designated by Ofgem, which would 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 and the HND Follow Up Exercise (HNDFUE) (as per the CMP428 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 advance regardless of the progress of pre-commissioning Generators – i.e. schemes that are not dependent on the progress of a specific Generator.

CMP447, if approved, will have a second effect, it will adjust 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 that have fixed these costs.

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 circuits associated with the HND and HNDFUE which were designated by Ofgem as "Onshore Transmission (reinforcement)", that would otherwise have fallen within relevant pre-commissioning Generators' Attributable Works. The rationale behind this exclusion was that 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 driven by a single Generator, but may not be limited to them.

There is a need to remove other strategic reinforcement projects from the definition of Attributable Works. By extending the definition that CMP428 created of Excepted Works to allow Ofgem designation of other Transmission schemes, 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 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 (AI) or other strategic investments.

The designations by the Authority would be likely to be of entire schemes (e.g. an ASTI scheme), with translation of these designations 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. It is possible that in some cases a substation may be among the components of a project's Attributable Works that could be removed as a result of this modification. 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 NESO 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.

Summary of Alternative solution(s) and implementation date(s):
There have been 3 Alternative Requests raised by Workgroup members that have been voted in as Workgroup Alternative CUSC Modifications (WACMs). Following Alternative votes completed during the Workgroup phase, Alternative 1 became WACM1, Alternative 2 became WACM2 and Alternative 3 became WACM3.

WACM1 Solution: Aligns the definition and designation of 'Excepted Works' with strategic reinforcements identified in NESO's Pathway to 2030 and Beyond 2030 publications, as well as those determined through the Centralised Strategic Network Plan (CSNP) methodology. This approach aims to reduce the regulatory burden of separate and multiple designation processes. Additionally, it introduces clear and transparent pre-qualifying criteria to ensure automatic qualification as Excepted Works.

WACM2 Solution: Places additional obligations on NESO without defining the methodology for designating 'Excepted Works'. It introduces specific deadlines for NESO to submit designation requests to Ofgem and requires the publication of a register of Excepted Works to ensure transparency.

WACM 3 Solution: Proposes to enhance CMP447 by combining elements of WACM1 and WACM2.

The implementation dates for all 3 WACMs are as per the Original Proposal.

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.

Workgroup conclusions: The Workgroup concluded by majority (out of 19 votes) that the Original better facilitates the CUSC Applicable Objectives than the baseline and unanimously that WACM1, WACM2 and WACM3 better facilitates the CUSC Applicable Objectives than the baseline.

Code Administrator Consultation: The Code Administrator Consultation received 18 non-confidential responses and 3 confidential responses, including 4 late responses.

Panel recommendation: The Panel recommended unanimously that the Original, WACM1, WACM2 and WACM3 better facilitated the Applicable CUSC Objectives.

Interactions

A System Transmission Owner Code (STC) change was identified as needed to allow CMP447, if approved, 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. Modification CM0103 was approved to be sent out for Code Administration Consultation (CAC) in August 2025. The STC Panel will complete their determination vote in October 2025.

If approved, this will be conditional on CMP447 being approved. As CM0103 no longer locks into (copies into STC) the CUSC definitions of Excepted Works and Attributable Works, but points to the CUSC definitions instead as the way CM0103 works, that means it is robust against CMP447 original and its WACMs. Note that WACM2’s transparency workings do not interact with CM0103, so it is robust also against WACM2 and WACM3.

A Transmission Owner (TO) asked NESO to raise a further STC change (PM0148). The proposal was approved by the STC Panel in September 2025. When implemented it will add the text below to STCP 19-2's Appendix B: TO Final Sums Reporting, and to the reference to that appendix B within the body of STCP 19-2:

"Prior to suggesting or recommending to The Authority that it designate new Excepted Works, The Company will provide the relevant TO(s) reasonable notice of this proposed submission to The Authority of recommended excepted works, allowing TOs to provide The Company with any assistance and advice.

Whenever new Transmission works are formally identified by The Company or The Authority as Excepted Works, The Company will notify the TOs within 20 days following such classification".

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

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 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[1]".

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.

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

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

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, most of the new build for Clean Power 2030 (CP30) is likely to be within the RIIO-ET3 price control framework.

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, RIIO-T3, the concept which we now know as LOTI, may have a different acronym/name and a different implementation.

Whereas a LOTI re-opener within a Transmission price control period, where approved by Ofgem, relates to Transmission projects of materiality exceeding £100m that were not approved as TO spend prior to the start that price control, yet are now identified mid-price-control by Ofgem as important and approved/funded, these re-openers are not known as LOTI if they are of lesser materiality. Then, they are known as MSIP re-openers. TOs have an annual window within which to request funding for these sub-£100m projects, just as they do for LOTI works. Some of these schemes could be relevant to this modification. Again, it is accepted that there may be changes to the terminology used to describe this concept in future price control periods, including the forthcoming "T3" price period.

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 in designating Transmission schemes for the purpose of this modification.

"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 Works, but CMP447 allows for the fact that some of the Generators

that would be beneficiaries as a result of CMP447, 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**.

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 fall in either category, not being not later tagged during the course of the present Transmission Price Control, RIIO-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.

WACM1 Solution

This WACM proposes to enhance CMP447 by extending the definition and designation of 'Excepted Works' to reinforcements previously identified through NESO's Pathway to 2030

publication[2] and Beyond 2030 Publications and those reinforcements determined through the CSNP methodology, reducing the regulatory burden of separate and multiple designation processes.

As a whole system plan the CSNP includes all the network investments needed for electricity, gas, and hydrogen systems over a 25-year horizon. This scope is too broad for the purposes of this modification, so the solution proposes the introduction of clear and transparent pre-qualifying criteria which ensures automatic qualification as 'Excepted Works'.

Rationale for using the CSNP as the basis for defining "Excepted Works".

1. The CSNP includes the strategic reinforcement projects that NESO deem to be necessary to deliver the future energy system and achieve Government targets.
2. It involves a detailed development methodology by NESO and an Ofgem governed assessment process to ensure that these are the appropriate projects to deliver for existing and future customers.
3. There are clearly prescribed outputs listing the existing and proposed schemes included within the Pathway to 2030 and the Beyond 2030 publications. These are the projects (potentially limited to Pathway to 2030 for scope of this modification) that this proposal recommends be designated as "Excepted" by Ofgem.

See Appendix 1 for further explanation and considerations.

This hard-coded eligibility would specify that 'Excepted Works' would include electricity Transmission reinforcements included in the pathway to 2030 and beyond 2030 and the CSNP Delivery Pipeline (not Funnel of Options), allowing for an additional designation by the Authority.

WACM1 would achieve the following:

1. **Enables Network planning and policy continuity**
    - Includes previously identified strategic reinforcements as 'Excepted Works'
    - Ensures continuity in the short term by including all existing strategic reinforcements supporting Connection Reform Gate 2 Offers
    - Ensures continuity in the long term by including all strategic reinforcements defined by the CSNP process
2. **Enhance Strategic Coherence**
    - Aligns with Clean Power 2030 delivery framework

[2] HND Appendix 1 - List of required Onshore and Offshore works

- Supports the Strategic Spatial Energy Plan development
- Integrates with the wider strategic energy planning hierarchy

3. **Removes a Separate Designation Process**
    - Removes the regulatory burden of repeated Ofgem designation of multiple schemes
    - Replaces this with automatic qualification based on CSNP inclusion
    - Maintains robust governance through existing CSNP approval mechanisms
4. **Establishes a CSNP Interface**
    - Defines clear criteria for CSNP work identification – those works listed become automatically designated as 'Excepted Works'
    - Establishes update mechanisms when CSNP is revised – Accommodates the three-year cycle for review and the Interim update process in the CSNP
    - Creates transitional arrangements for existing designated works – identify existing works as 'Excepted Works', i.e. ASTI/LOTI/MSIPs and those identified in the Pathway to 2030 and Beyond 2030 strategic plans.

WACM2 Solution

WACM2 proposes to enhance CMP447 by putting further obligations on NESO while not defining the methodology for designating 'Excepted Works'. It seeks to adopt the approach taken in CUSC Section 15, User Commitment Methodology, where a defined timeframe is outlined along with publication requirements.

The proposed additions and / or changes are as follows:

- **Proposed designation submissions** – Proposed timeframe for designation submissions between NESO and Ofgem:
    - Following implementation

      Legal Text suggestion / starting point:
      The Company shall issue an Excepted Works designation request [recommendation] to The Authority as soon as practicable after the Implementation Date for CUSC Modification Proposal CMP447 and no more than 3 months after the Implementation Date.
    - Enduring

      Legal Text suggestion / starting point:
      The Company shall issue an Excepted Works designation request [recommendation] to The Authority by no later than 01 May and 01 November each Calendar Year.

- **Publication of 'Excepted Works'** – It is not proposed (or possible) to include a list of 'Excepted Works' as a schedule within the legal text or the Final Workgroup Report.

  However, it is proposed that a requirement be added to the legal text requiring NESO to publish a statement including specific details of the 'Excepted Works' and any other works proposed for designation where a decision has yet to be made. Maintaining a clear track of works that were not approved is also proposed.
  See Appendix 1 for example schedule or register.

  Legal text suggestion / starting point:

  By 01 May and 01 November (this has been agreed by Workgroup members) each Calendar Year The Company will publish a statement showing:

  a) *Excepted Works [where those apply to one or more Bilateral Connection Agreement(s)]*

  b) *Date from which works are designated as Excepted Works*

  c) *Works proposed by The Company to be designated as Excepted Works that have been rejected by The Authority*

  d) *Works proposed by The Company to be designated [where The Authority has yet to communicate a decision]*

  e) *The relevant project reference number associated with the works as set out within the Transmission Works Register or CSNP*

- **Non reversible designation** – The Original Proposal does not prevent a reversal of 'Excepted Works' designation. Thus WACM2 proposes to clarify within the legal text, removing ambiguity and increasing investor confidence.

  Legal text suggestion / starting point (now amended through Workgroup discussions):
  Excepted Works, once designated, cannot be reversed where the Scope of Works or project definition is unchanged.
  OR [Excepted Works, once designated, can only be reversed where the Scope of Works or project definition has materially changed.]

- **Template for designation requests** – Through WACM2, a template could be developed and included as a schedule within the CUSC, aiding the communication

of proposed designations between NESO and Ofgem. This is not a key component so could be removed without having any impact on the principal of the Alternative.

WACM3 solution

This Workgroup Alternative proposes to enhance CMP447 by combining WACM1 with WACM2 to achieve the following:

- Extend the definition and designation of 'Excepted Works' to reinforcements previously identified through NESO's Pathway to 2030 publication and Beyond 2030 Publications and those reinforcements determined through the CSNP methodology, reducing the regulatory burden of separate and multiple designation processes
- Apply further obligations on NESO, adopting the approach taken in CUSC Section 15, User Commitment Methodology, where a defined timeframe is outlined along with publication requirements.

The proposed additions and / or changes are to WACM2 legal text only.

For simplicity, the WACM1 legal text would not be changed under WACM3.

Workgroup considerations

The Workgroup convened 12 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.

The Chair informed Workgroup members that accelerating the timeline would not be feasible within the timescales as it is approved by the Authority and would need approval from them to be altered, which would risk further delay. Additionally, the CUSC Panel had agreed that a minimum of 10 working days would be required for the Workgroup Consultation period, due to the high number of stakeholders who would be on leave for

the summer holidays. It was advised that 1 or 2 of the planned Workgroup meetings could be removed if they were not necessary, however all planned Workgroup meetings plus additional meetings were required to reach Workgroup conclusion.

The FMR is scheduled to be issued to Ofgem on 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.

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 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. Modification CMP426 has been administratively linked to CMP419, which seeks to redefine generation charging zone boundaries. CMP419 is on hold as it has been allocated low priority by the CUSC Panel and so is CMP426, which has medium priority. 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.**

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 (based on baseline CUSC), or £4.12M if CMP447 is successful. (See slide 7 of the presentation in **Annex 05**). 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.

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 (GSP) 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 Workgroup member 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.

The Proposer 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.

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

The Proposer presented a first draft update of the NESO CMP192 Guidance Note which details how Wider and Attributable liabilities are calculated. A workgroup member noted that the method for calculation of Wider liability in the original Guidance Note (unchanged in this update) differed from the definition in CUSC section 15 and would result in a larger fraction of the cost of any Excepted works being reflected in increased Wider liabilities.

The Proposer sought clarification on whether Attributable Works could be shared assets. The NESO Subject Matter Expert (SME) 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. The Workgroup member emphasised the need for a clear outline of what constitutes Excepted Works. The Proposer noted that Ofgem will have 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 but other Workgroup members had concerns that this would not capture all strategic works serving multiple Users.

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 influence Ofgem's interpretation of the word.

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.

The Authority Representative 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 CUSC Section 15 Guidance Note[3] 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.

This Guidance Note was updated post-Workgroup Consultation and can be found in **Annex 07**. Further Workgroup discussion on the Guidance Note can be found in the Post-Workgroup Consultation section.

Concerns about the Wider Zonal Charge

The Proposer discussed the way that cost of works removed from Attributable Works in the operation of CMP447 would occur instead within the zonal Wider Cancellation Charge Tariffs. They noted that the expansion of the definition, first created when CMP428 was approved, of Excepted Works would impact the Wider Cancellation Charge Tariffs, as the load-related and non-load related capital expenditure costs across boundaries, data that is received by NESO from the TOs, that drives the calculation of the Wider Cancellation Charge Tariff, is defined as excluding 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 Charge Tariff's 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 due to the application of 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 of the equation used to calculate the Wider Works cancellation charge; only a third of it overall, thanks to the application of these two factors, does. The denominator (the capacity across which it is spread) used to convert this cost into the Wider Cancellation Charge Tariff for that zone, is the capacity of all Generators in that ETYS zone.

Concerns were raised about this potential impact on the Wider Cancellation Charge Tariffs 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,

[3] https://www.nationalgrid.com/sites/default/files/documents/5638-CMP192%20Updated%20Guidance%20Document.pdf

which could result in Generators on an island facing (and securing) a higher Wider Cancellation Charge Tariff. 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 above discussion and clarification on the Wider Works 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".

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 consensus among Workgroup members was that if strategic works are funded regardless of Generator projects, the TO risk is minimal. This raised questions about the necessity of requiring Generators to provide securities for these works and highlighted the value of this change proposal.

Regarding concerns raised 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 dependent on a single Generator.

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 if cancelled and suggested excluding community generation projects from the CUSC Section 15 User Commitment regime that is rooted in CMP192. The Proposer 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.

Workgroup Consultation Summary

The Workgroup held their Workgroup Consultation between 21 July and 04 August 2025 and received 27 non-confidential and 2 confidential responses. The full non-confidential responses and a summary of them can be found in **Annexes 11** and **12**.

All respondents believed that the Original Proposal better facilitates Applicable Objectives i and ii. Four respondents believed that it better facilitates objective iv and one respondent that it better facilitated objective iii.

Most respondents supported the implementation approach. There was a near-even split on whether the legal text satisfied the intent of the modification. No formal Alternative Requests were raised, but one respondent indicated a possible future Alternative Request, and one disagreed with the workgroup's assessment of Electricity Balancing Regulation (EBR) implications.

EBR Impact: One respondent indicated disagreement with the Workgroup's assessment about EBR implications due to it removing a significant barrier to the development of some viable renewable energy sources. The respondent noted that the modification facilitates the participation of renewable energy sources in the Balancing Mechanism, objective G.

Workgroup feedback: The Proposer explained that while the modification may indirectly support renewable generation and balancing services, Electricity Balancing Guideline (EBGL) Article 18 is specifically about frequency restoration and replacement reserves, and the modification is not relevant to this.

The Proposer also stated that the justification for EBR relevance was too broad and that, in his opinion, the modification is not relevant to EBGL.

One Workgroup member supported the Proposer's view, noting that if every modification affecting costs and the Balancing Mechanism required EBR consultation, it would be excessive.

The Workgroup agreed that EBR was not impacted.

Suggestions for Improvement: Multiple respondents suggested clearer, objective criteria for designating Transmission works, transparent decision-making processes, consistent application across projects, regular reviews, and clear principles for Excepted Works. There was emphasis on risk allocation justification and alignment with market objectives.

Workgroup feedback: A Workgroup member asked how suggestions from the consultation would be used, expressing interest in differentiated support for community-led projects. The Chair explained that these suggestions are for the Workgroup to review and can assist in progressing the modification. The Proposer clarified that if Workgroup members support a suggestion, they can raise it as an Alternative Request if it fits within the scope of the defect.

A Workgroup member stressed the importance of pragmatism, advocating for a simple approach to get the modification approved in time for Gate 2 offers. They suggested that more complex or nuanced improvements could be considered in future modifications, but the immediate priority should be timely delivery of this modification. Another Workgroup member agreed, noting that while some suggestions warrant further exploration, the focus should be on getting the core modification implemented first.

Timing and Process Concerns: There was unanimous agreement among respondents and Workgroup members that implementing the modification in time for Gate 2 offers is critical.

Workgroup feedback: This timing ensures that securities and offers reflect the benefits of the changes and that surplus securities can be repaid swiftly, providing financial clarity for projects approaching key periods.

A number of Workgroup members emphasised that late designation could be detrimental to large projects, making timely decisions crucial for developers before significant investments are made.

Wider Works Cancellation Charge: 19 Respondents supported removing Excepted works from the Attributable Works cancellation charge and adjusting the definition of Wider Works cancellation charge accordingly. Respondents highlighted the need for clarity and timely alignment with offer milestones.

Workgroup feedback: Workgroup members emphasised the need for clarity regarding the principles and processes for designating works as Excepted, as the current system is complex and challenging to interpret.

Adjusting the definition of Wider Works cancellation charge to remove Excepted Works was seen as logical and necessary, helping clarify liability allocations, simplify calculations for developers, and prevent double counting or overlapping security requirements.

These changes were viewed as reducing barriers to entry, promoting innovation, and providing certainty for both large and small Generators, while ensuring efficient infrastructure utilisation.

2 Workgroup members suggested that while more detailed work may be needed, the priority should be on getting the basic modification implemented in time for Gate 2, with potential follow-on modifications to address any remaining ambiguities.

Post Workgroup Consultation Discussion

List of Designated Works

Multiple Workgroup members emphasised the need for a clear and detailed list of designated Excepted Works, as the current categories are too generic and lack the granularity needed for effective project planning.

There was significant discussion about whether a list of designated works could be shared before Ofgem's final decision, with 2 Workgroup members advocating for more transparency and at least a recommended list.

There was consensus that while Ofgem has the final Authority to designate works, the Workgroup could recommend a list to provide greater transparency and help developers understand the financial implications for their projects.

The Proposer confirmed that internal work is ongoing to develop a proposed list, involving liaison with other departments and the TOs, but no specific timeline or methodology details were provided.

The Proposer clarified that Ofgem's designation would occur only after the modification is approved, so the list would not be finalised or shared during the Workgroup phase.

There was discussion about whether the list and designation process could be aligned with outputs from the CSNP to reduce uncertainty and avoid duplicative processes, with suggestions to use CSNP-identified reinforcements as the basis for Excepted Works.

The Workgroup acknowledged that the principles and process for designation should be as clear as possible to minimise ambiguity and ensure timely decisions, especially for projects approaching key milestones like Gate 2.

Inclusion of Substations

A Workgroup member raised the point that substations should be explicitly included in the scope of designated works, not just circuits, and the Proposer confirmed that substations could be included if part of a designated scheme.

If works are going ahead regardless of a developer's projects (and are funded as such) then they shouldn't be the developers to secure.

Conversely if Transmission construction work is required because of a specific application for a connection somewhere on the network (thus meaning a risk to the TO if that developer were to back out part-way through) then that's when the project should be secured.

So in the context of a substation: if a TO decides they need a new substation at a place on the grid because it perceives the need to alleviate capacity issues, and Ofgem approves funding so it can be built, developers then each have the chance to apply to that area of the grid and ultimately connect into that substation, the cost of which wouldn't be part of a developer's Attributable Works, as it's not being built for that developer.

Future Designations and Precedent:

A Workgroup member referenced previous modifications (e.g. CMP428) that allowed for future designations and discussed whether similar legal text could be used here to accommodate evolving infrastructure plans. The Proposer confirmed that future designations could be made as relevant – designation is not constrained to be a one-off process.

Consumer Impact Statement

The Proposer presented a draft consumer impact statement, with several Workgroup members suggesting improvements to reference Ofgem's statutory objective to protect consumers and agreed to include and review the statement in the Workgroup Report.

The securitised amounts held by NESO against potential cancellation charges are not "used" by NESO for anything, merely held. A reduction in these securitised amounts as a result of CMP447 being approved, if that were so, would have no impact on the consumer.

In the case of CMP447 being approved the cancelation charges would be less in some cases but were previously too high as too much was being securitised, if you accept the premise of NESO's modification proposal. NESO is not in a position to estimate the rate of cancellation charges and quantify this.

The Proposer contends that more efficient competition as a result of CMP447 (if approved) would reduce bills including by allowing lower Contracts for Difference (CfD) bids, allowing net zero to be achieved more cheaply and reducing consumer bills.

Section 15 Guidance Note

The Proposer presented the updated Section 15 Guidance Note, with Workgroup members providing feedback on the inclusion of substations, LOTI schemes, and the need for clearer caveats regarding funding approval and Generator dependency.

A Workgroup member raised the need to explicitly mention substations in the Guidance Note, which the Proposer acknowledged and agreed to add to the Workgroup report, noting it had been previously discussed.

Another Workgroup member expressed concern that the wording implied all LOTI schemes would have funding approved regardless of Generator progress, prompting the Proposer to soften the language and add a caveat to clarify that not all LOTI schemes are automatically approved.

An issue was highlighted regarding project queues and the risk of losing designation if named Generators drop out, with the Proposer explaining that under the Original proposal, Ofgem could revise needs cases and even withdraw consent and hence withdraw designation - but generally oversupply in queues mitigates this risk.

It was noted that the Workgroup had moved away from funding as the primary basis for designation, focusing more on strategic needs, and suggested that while funding remains relevant, it is not as critical to the solution.

A workgroup member suggested that in order to include both Transmission and Embedded pre-commissioning Generators, that in the draft update NESO circulated of the Guidance Note, reference should be made to "Bilateral Agreements" (which encompass both BCAs and other agreements with NESO relevant to embedded Generators) rather than to "BCAs". The Proposer agreed. Section 15 of CUSC uses the correct terminology and was written with embedded agreements in mind.

The updated Guidance Note has been included in **Annex 07**.

Designation translation process map

The Proposer presented a process map detailing the workflow for assessing Transmission schemes, designation by Ofgem, and translation onto generation projects, with questions from Workgroup member clarifying timing, scope, and workload implications for NESO.

The Proposer explained that NESO assesses Transmission schemes for Generator dependency, recommends designations to Ofgem, and translates designated schemes onto generation projects, adjusting securities and notifying affected parties.

A Workgroup member asked about the trigger for assessment in relation to Connections Reform Window One, with the Proposer clarifying that internal discussions had already begun, and the aim was to be ready for urgent approval, though exact timeframes were difficult to specify.

Another Workgroup member queried which Transmission schemes were included, and the Proposer clarified that it encompassed all Transmission Works mapping onto Attributable Works, including ASTI, LOTI, MSIP, and strategic projects, but not reinforcements irrelevant to securities.

Contingency planning for potential Ofgem designation delays

The Workgroup had a discussion on the process and next steps if Ofgem does not make designations in time for Gate 2 offers, with the Proposer and Workgroup members exploring possible workarounds, including Strategic Investment Factor (SIF) adjustments, waivers, and offer extensions.

The Proposer stated that in the unlikely event of a delay, the process must follow the current CUSC, meaning offers would go out with securities that should not be present, and no workaround outside of the CUSC could be offered.

A Workgroup member suggested setting the SIF to zero as a temporary mitigation, but Workgroup members explained that SIF calculation is governed by the CUSC and the STC, and such a change would be considered non-compliant.

Workgroup members discussed the possibility of using waivers to delay securities, but it was clarified that waivers only relieve TO and NESO obligations to carry out works and are not applicable to securities, with NESO currently refusing new waivers.

A Workgroup member explained that customers typically have three months to accept offers, and extensions may be possible if Ofgem's decision is delayed, allowing time for securities to be updated post-designation.

Consideration of a wider approach that takes account to works designated by Gas and Electricity Markets Authority (GEMA)

The Workgroup discussed whether a wider approach that considers works designated by GEMA should be included in CMP447.

The consensus was that while a wider approach is of interest, it should be addressed in a follow-on modification, not as part of CMP447, to avoid delaying its progress.

The Workgroup agreed that this topic has been sufficiently considered for the current scope, and no further action is needed within CMP447.

Alternative Requests

Following the Workgroup Consultation three Alternative Requests were submitted by Workgroup members (**Annex 10**).

These Alternative Requests set out the case as to why the Workgroup members who submitted them wished to amend parts of the Original Proposal.

The Workgroup reviewed all requests, and the table below provides an overview of each Request (and who raised it) along with its status.

Throughout the Workgroup discussion, 3 potential Alternative Requests were raised, all 3 of these received majority Workgroup support in the vote, so that they formally became WACMs, with Alternative Request 1 becoming WACM1, Alternative Request 2 becoming WACM2 and Alternative Request 3 becoming WACM3.

Solution and Outcome of Alternative Vote	Party	Characteristic	Mechanism of Workgroup Vote
Alternative Request 1 **(WACM1)**	Nadara | Bluefloat Energy Partnership	Strategic Alignment with CSNP	Voted in by Workgroup
Alternative Request 2 **(WACM2)**	Roadnight Taylor	Defined Obligations	Voted in by Workgroup
Alternative Request 3 **(WACM3)**	Roadnight Taylor	WACM1 and WACM2 Combination	Voted in by Workgroup

WACM1 – Strategic Alignment with CSNP

Overview: WACM1 proposes to enhance CMP447 by aligning the definition and designation of 'Excepted Works' to reinforcements previously identified through NESO's Pathway to 2030 and Beyond 2030 Publications, and those reinforcements determined through the CSNP methodology, reducing the regulatory burden of separate and multiple designation processes.

Workgroup discussion

The WACM1 Proposer presented the proposal to align the securities process with strategic network planning and NESO publications.

The WACM1 Proposer explained that the Alternative solution aims to provide greater clarity and certainty by tying Excepted Works to published lists in HND, beyond 2030, and CSNP, reducing reliance on Ofgem's discretionary designation and aligning with strategic planning frameworks.

The WACM1 Proposer outlined the proposed legal text, specifying criteria for Excepted Works, including voltage thresholds, inclusion in strategic plans, and a discretionary clause for Ofgem to designate additional works, with feedback from Workgroup members on interim measures and coverage.

Workgroup members raised concerns about potential gaps in coverage, such as the Western Isles and Orkney links, and the timing of CSNP delivery, with Workgroup members discussing mechanisms to address interim uncertainties and ensure comprehensive inclusion.

Several Workgroup members expressed strong support for the proposal's clarity and strategic alignment, while others cautioned about risks of delay and missing schemes, suggesting the idea may be better suited for a future modification.

Of the 19 votes on whether WACM1 better facilitates the CUSC non-charging objectives than the Original Proposal:

- 15 Workgroup members voted yes
- 3 Workgroup members voted no
- 1 Workgroup member abstained

WACM2 – Defined Obligations

Overview: WACM2 proposes to enhance CMP447 by including further obligations while not defining the methodology for designating 'Excepted Works'. This includes setting the timeframe for NESO to submit a proposed set of designations to the Authority following implementation, publication of an 'Excepted Works' list and the ongoing minimum timeframe between designations being proposed to The Authority.

WACM2 could stand alone or be considered as an interim solution ahead of the first formal version of the CSNP and the solution defined under WACM1.

Workgroup discussion

The Proposer of WACM2 explained that the solution is designed to add obligations and timeframes for designated submissions between NESO and Ofgem, without changing the original legal text. It aims to provide more certainty and transparency for the wider community.

The proposal introduces specific deadlines for NESO to submit designation requests to Ofgem—initially three months after implementation, then biannually (suggested as 01 May and 01 November). A Workgroup member raised concerns about these dates aligning with securities runs, suggesting they should be set 90 days before the 01 January and 01 July to avoid double handling. The Proposer agreed to review and adjust the dates in the legal text based on Workgroup feedback. Dates have now been set to the 31 March and 30 September.

A requirement was proposed for a published register of Excepted Works, including project name, reference number, status (approved, rejected, pending), and decision date, to ensure transparency and allow stakeholders to track designations.

The solution includes a clause to prevent reversal of Excepted Works designation, aiming to remove ambiguity. Workgroup members discussed the legal limitations of imposing binding obligations on Ofgem within the CUSC, noting that compliance is about decision-making powers, not contractual obligations. The proposer of WACM2 then altered their legal text to prevent NESO withdrawing a recommendation to Ofgem to designate a Transmission scheme, but with no documented prohibition on what Ofgem might do, thus sticking with the CUSC convention not to document obligations on Ofgem in CUSC – Ofgem is not a party to the CUSC.

The WACM2 Proposer mentioned an optional template for designation requests between NESO and Ofgem but left it out of the legal text due to concerns about restrictiveness and practicality.

Workgroup members discussed whether the proposal sufficiently covers both interim and enduring needs. A Workgroup member highlighted the lack of explicit criteria for NESO's designation decisions in the enduring phase, suggesting the need for a methodology to avoid future uncertainty. The WACM2 Proposer acknowledged this and suggested combining elements with WACM1 if needed.

The Workgroup discussed that WACM2 could serve as a fallback if other Alternatives (like WACM1) are not adopted and could be combined with them for a more comprehensive solution.

Of the 17 votes on whether WACM2 better facilitates the CUSC non-charging objectives than the Original Proposal:

- 17 Workgroup members voted yes

WACM3 – WACM1 and WACM2 Combination

Overview: WACM3 proposes to combine WACM1 and WACM2. This would align the definition and designation of 'Excepted Works' to reinforcements previously identified through NESO's Pathway to 2030 and Beyond 2030 Publications, and those reinforcements determined through the CSNP methodology, while incorporating the additional obligations on NESO as presented in WACM2.

Workgroup discussion

The Proposer explained that WACM3 combines the benefits of WACM1 and WACM2, with a minor addition to the legal text, aiming to align the accepted works process with the HND beyond 2030 and the CSNP, while introducing interim obligations for NESO to produce a list of Excepted Works until the CSNP is implemented.
The NESO Representative reviewed the legal text, highlighting changes such as clearer separation of conditions (A, B, and C), updated definitions (e.g., "Transmission construction scheme"), and the removal of superfluous references. The legal review aimed to ensure clarity, especially around the independence of Ofgem's designation powers and the timing of obligations.

A Workgroup member raised questions about the meaning of "direct combination" and whether certain paragraphs conflicted once the CSNP is in place. It was acknowledged that there is some ambiguity and the Proposer clarified that this was in reference to the potential conflicting legal text if WACM1 and WACM2 were simply combined without any modification – in fact the legal text for WACM3's section 15, is not in all respects identical to that for WACM2, so that it is not quite a simple combination of the two.

There was discussion about the purpose of Limb C in the legal text, which allows Ofgem to designate additional works outside the main network plan. Workgroup members clarified that this acts as a catch-all to ensure flexibility for designating works not explicitly covered in the CSNP (to be published end 2027) or HND reports, particularly with a view to the modification, if approved, needing to be operable at pace within 2025.

The Workgroup discussed the timing for publishing Excepted Works, with suggestions, approved by the Proposer of WACM2 and WACM3, to specify fixed dates (e.g. 30 September and 31 March) instead of "90 days before" to avoid confusion. The NESO Representative confirmed the legal text for these WACMs would reflect these fixed dates.

A Workgroup member raised concerns about whether inclusion in the CSNP would automatically satisfy Security and Quality of Supply Standard (SQSS) requirements, or if NESO would still need to assess compliance. The Proposer noted the CSNP methodology is high-level and may require further alignment to ensure all criteria are met.

The Workgroup voted on WACM3. Of the 17 votes on whether WACM3 better facilitates the CUSC non-charging objectives than the Original Proposal:

- 15 Workgroup members voted yes
- 2 Workgroup members voted no

Terms of Reference Overview

a) Consider EBR implications One Workgroup Consultation respondent noted that there could be an EBR impact. Discussed in Workgroup 6 and Workgroup members agree there is no impact on EBR
b) Consider timing and process for implementation with regard to ongoing Connection Reform There is full support for aligning the implementation of the solution with the issuing of new Gate 2 offers in Autumn 2025.
c) Consider if a wider approach that takes account to works designated by GEMA might be suitable. Workgroup members agree that GEMA should be considered in a follow-on modification if appropriate, so as to not hold up the progress of CMP447.
d) Consider the provision of anonymised data / worked examples An Orkney case study and ASTI and Non-ASTI worked examples were considered by the Workgroup (**Annexes 05 and 06**). A process map has been considered by the Workgroup and is included in the Workgroup Report (**Annex 09**).

Legal Text

The Legal text can be found in **Annex 04.** The table below illustrates the difference between each of the solutions.

	Section 11	Section 15
Original	Ofgem designation – simple words added to existing S11 text on Excepted Works. Flexible, does not assume that all ASTI, LOTI, CSNP etc are not Generator-dependent, nor is it restricted to the same; allows for evaluation. NESO advice to Ofgem.	New text on adjustment of fixed Attributable Works for relevant projects.
WACM1	New text that aligns 'Excepted Works' with strategic network planning, reducing regulatory burden through automatic designation but allowing for Authority discretionary intervention through addition of other works.	As per the Original.
WACM2	As per the Original.	As per the Original as regards adjustment to fixed Attributable Works, but with words describing new obligations on NESO in relation to its recommendations to Ofgem for designation and associated timeframe.

WACM3	New text that aligns 'Excepted Works' with strategic network planning, reducing regulatory burden through automatic designation but allowing for Authority discretionary intervention through addition of other works.	As per the Original as regards adjustment to fixed Attributable Works, but with words describing new obligations on NESO in relation to its recommendations to Ofgem for designation and associated timeframe. To align with WACM1, the obligations are valid until implementation of the CSNP and then reduce to an annual designation where note covered under the CSNP.

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

Original proposal:

- CMP428 had already added a definition of "Excepted Works" into baseline CUSC section 11, definitions, and had amended the definition of Attributable Works to exclude "Excepted Works" from Attributable Works. In line with the Proposer's intent, the definition of Excepted Works was extended in the Original solution, whilst leaving the CMP428 portion intact.
- The Proposer contended that the text for the Original solution was simple and allowed for case-by-case interpretation of whether each new Transmission scheme should be designated, as the Proposer felt rigid codified rules on designations were not feasible. As well as the new definition of Excluded Works in section 11, the Original solution had new text in section 15 to do with the adjustment of fixed Attributable Works – that text is also used by the WACMs.
- 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. The Proposer 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, where the main content of the modification (and of CMP428) lay. The word "either" was proposed to be added within the existing definition, plus the closing extra words "or otherwise so designated".
- The first part of the modification was thus proposed to be given effect entirely within the two interacting definitions in Section 11, just has had 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**.

WACM1:

- The WACM1 Proposer aligned the legal text with the strategic network planning framework, referencing the NESO Strategic Network Plan, the Energy Act 2023, and prospective licence conditions, to ensure policy continuity and long-term sustainability.
- A wholesale revision of the Excepted Works definition, removing reliance on Ofgem's asset classification and instead tying Excepted Works to specific published lists (HND, Beyond 2030, and future CSNP documents), with clear criteria such as voltage level (132kV and above).
- The WACM1 Proposer included a clause allowing Ofgem to designate additional works, providing flexibility for exceptions or interim needs before the CSNP is fully established
- The WACM1 Proposer considered the need for both retrospective (Existing Works) and prospective (future works) coverage and drafted alternative legal text to address either or both but following Workgroup discussion only one version of legal text was provided.

WACM2:

- The legal text includes a clause stating that once works are designated as Excepted, this status cannot be reversed, aiming to remove ambiguity about the permanence of designation. There was discussion about where this clause should sit within the CUSC (section 11 or 15).

- The legal text sets deadlines for NESO to provide Ofgem with a list of designation requests—initially within three months after implementation, and then on a recurring basis.
- The legal text requires the publication of a register or schedule of Excepted Works, including project reference, status (approved, rejected, pending), and decision date, to ensure transparency and allow stakeholders to track designations.
- An optional template for designation requests was discussed but not included in the legal text, as it was considered potentially restrictive and not essential to the core obligations.
- There was a suggestion to clarify the phrase “otherwise so designated” in the legal text to explicitly mean “designated as Excepted,” to avoid confusion with other types of designation.
- Workgroup members noted that the CUSC cannot impose binding obligations on Ofgem as a contractual party, and that compliance relates to decision-making powers, not enforceable duties. This may affect how some clauses are drafted or enforced.

WACM3:

- The WACM3 Proposer explained that WACM3 combines WACM1 and WACM2, with minor additions and adjustments to the legal text, aiming to cover both interim and enduring solutions for Excepted Works and strategic network planning.
- There was detailed discussion about the structure of the legal text, especially the separation of conditions A, B, and C, with C acting as a catch-all for Ofgem to designate additional works independently. The Proposer confirmed legal changes to make this distinction clearer.
- The definition of "Centralised Strategic Network Plan" was updated to reference the relevant licence condition (C-17) and remove superfluous wording, as advised by legal review.
- The Workgroup debated whether deadlines should be stated as "90 days before" or as fixed dates, with consensus leaning toward fixed dates for clarity.
- A Workgroup member raised concerns about whether inclusion in the CSNP would automatically satisfy SQSS criteria, and whether NESO should continue making recommendations after CSNP implementation. The WACM3 Proposer acknowledged the risk and suggested possible future alignment in CSNP methodology.

- Workgroup members requested improved formatting to make the separation of legal conditions more obvious, ensuring that the "or" clause for Ofgem designation stands alone.

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 respondents, 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 2025. 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.

Consumer Impact:

The securitised amounts held by NESO against potential cancellation charges are not "used" by NESO for anything, merely held. A reduction in these securitised amounts as a result of CMP447 being approved, if that were so, would have no impact on the consumer.

In the case of CMP447 being approved the cancellation charges collected would be less in some cases of actual cancellation, with a nominally adverse effect on consumers compared to the same cancellation under baseline; however, the Proposer contends that the cancellation charges are currently too high as too much is being securitised in these cases (if you accept the premise of NESO's modification proposal). NESO is not in a position to estimate the rate of cancellation charges and quantify this.

The Proposer contends that more efficient competition as a result of CMP447 (if approved) would reduce bills including by allowing lower CfD bids, allowing Net Zero to be achieved more cheaply, thereby supporting the achievement of Ofgem's principal

objective to protect the interests of existing and future gas and electricity consumers in Great Britain (in this case, electricity consumers).

Original and Workgroup Alternative 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 Generators 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**

(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	**Neutral**

** See Electricity System Operator Licence*

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

Relevant Applicable Objective	WACM1 Proposer's assessment	WACM2 Proposer's assessment	WACM3 Proposer's assessment
(i) The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;	**Positive** Creates streamlined, coherent approach to strategic work designation that aligns with NESO's statutory CSNP obligations while maintaining CMP447 benefits.	**Positive** Removes uncertainty which reduces the risk of post Gate 2 Offer revisions.	**Positive** Better Facilitates.
ii) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such	**Positive** Reduces barriers to entry by providing clearer, more predictable exclusion framework for strategic works, with enhanced transparency	**Positive** Through defined obligations and a minimum timeframe for designation, Users should have the information required at time of Offer	**Positive** Better Facilitates.

competition in the sale, distribution and purchase of electricity;	through CSNP consultation processes.	acceptance. Open publication would also increase transparency and with it, competition.	
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	**Neutral** Maintains all legal compliance aspects of original CMP447 while enhancing alignment with statutory strategic planning obligations.	**Neutral** Maintains all legal compliance aspects of original CMP447.	**Neutral** Maintains all legal compliance aspects of original CMP447.
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	**Positive** Eliminates administrative duplication and reduces complexity while maintaining robust governance through established CSNP approval mechanisms.	**Positive** Removes the risk of re-estimations post Gate 2 Offer issue and or Security Statements issued in January 2026 for the April to September 2026 security period. Also avoids low impact queries from Users through providing upfront visibility.	**Positive** Better Facilitates.

Workgroup Vote

The Workgroup met on 08 September 2025 to carry out their Workgroup Vote. The full Workgroup Vote can be found in **Annex 13**. The table below provides a summary of the Workgroup Members view on the best option to implement this change.

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

i. *The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;*
ii. *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
iii. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and*
iv. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

** See Electricity System Operator Licence*

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

The Workgroup concluded by majority (out of 19 votes) that the Original better facilitates the Applicable Objectives than the baseline and unanimously for WACM1, WACM2 and WACM3.

Option	Number of voters that voted this option as better than the Baseline
Original	18
WACM1	19
WACM2	19
WACM3	19

Code Administrator Consultation Summary

The Code Administrator Consultation was issued on the 19 September 2025 closed on 03 October 2025 and received 19 non-confidential responses and 3 confidential responses, including 5 late responses[4]. A summary of the responses can be found in the table below, and the full responses can be found in **Annex 16**.

[4] Please note response number 19 has not been summarised, due to it being submitted 3 days past the closing date.

<table>
<tr><th colspan="2">Code Administrator Consultation summary</th></tr>
<tr><td colspan="2">Question</td></tr>
<tr><td>Do you believe that the CMP447 Original Proposal, WACM1, WACM2 and/or WACM3 better facilitate the CUSC Applicable Objectives than the current baseline?</td><td>The consultation received high levels of support with 17 out of 18 respondents stating that all solutions better facilitated the Applicable CUSC objectives than the baseline. A breakdown of the responses for the solutions against each Applicable CUSC Objective can be seen below:

<table><tr><th></th><th>None</th><th>i)</th><th>ii)</th><th>iii)</th><th>iv)</th></tr><tr><td>Original</td><td>1</td><td>2</td><td>17</td><td>0</td><td>5</td></tr><tr><td>WACM1</td><td>1</td><td>5</td><td>16</td><td>0</td><td>10</td></tr><tr><td>WACM2</td><td>0</td><td>7</td><td>17</td><td>0</td><td>10</td></tr><tr><td>WACM3</td><td>0</td><td>8</td><td>17</td><td>0</td><td>12</td></tr></table>
Respondents were also asked to indicate their preferred solution. Then results are listed in the table below:

<table><tr><th>Solution</th><th>Votes</th></tr><tr><td>Baseline</td><td>None</td></tr><tr><td>Original</td><td>2</td></tr><tr><td>WACM1</td><td>1</td></tr><tr><td>WACM2</td><td>2</td></tr><tr><td>WACM3</td><td>13</td></tr></table></td></tr>
<tr><td>Do you support the proposed implementation approach?</td><td>17 out of the 18 respondents supported the proposed implementation approach. One respondent was not supportive due to the urgency and need to implement the code modification within the Gate 2 offers as part of the Gate 2 To Whole Queue (G2TWQ) process in the implementation of Connections Reform.</td></tr>
</table>

Do you have any other comments?	Some respondents noted that removing Strategic Works from securities is considered vital to reduce barriers and support project progression. Most respondents emphasised that timely implementation is critical, ideally before Gate 2 offers or the next security deadline. Respondents noted that there is a need for clarity on the impact of modifications, especially regarding the Wider Works Cancellation Charge. One respondent stated that the changes are expected to benefit smaller developers, increase community ownership, and support decarbonisation and energy security.
Legal text issues raised in the consultation	
No legal text issues were raised.	
EBR issues raised in the consultation	
No EBR issues were raised.	

Panel Recommendation vote

The Panel met on the 21 October 2025 to carry out their recommendation vote.

They assessed whether a change should be made to the CUSC by assessing the proposed change and any alternatives against the Applicable Objectives.

Vote 1: Does the Original, WACM1, WACM2 or WACM3 facilitate the Applicable Objectives better than the Baseline?

Panel Member: **Andy Pace, Consumers' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Yes	Neutral	Neutral	Yes
WACM1	Neutral	Yes	Neutral	Neutral	Yes
WACM2	Neutral	Yes	Neutral	Neutral	Yes
WACM3	Neutral	Yes	Neutral	Neutral	Yes

Voting Statement
This modification extends the effect of CMP428 to ensure Users are not providing securities for assets not directly relevant to their connection. We therefore assess this as better meeting applicable objective (ii) facilitating effective competition in the generation and supply of electricity, and facilitating such competition in the sale, distribution and purchase of electricity by removing potential costs that do not relate to a connection. We support all the WACMs but prefer WACM3 which incorporates the benefits of WACM1 and WACM2.

Panel Member: **Binoy Dharsi, Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Yes	Neutral	Neutral	Yes
WACM1	Neutral	Yes	Neutral	Neutral	Yes
WACM2	Neutral	Yes	Neutral	Neutral	Yes
WACM3	Neutral	Yes	Neutral	Neutral	Yes

Voting Statement
All solutions developed meet the requirements of the defect. They are all positive for Applicable CUSC Objective ii). The original solution is effective and simple and developers would likely agree that it will mitigate securities risks that were deemed unfair. WACM2 and WACM3, despite being more complex to administer is trying to future proof this defect by addressing the lack of transparency developed in the

original solution. The responses to the workgroup consultations demonstrated how important this is to developers. There were concerns addressed in CMP428 in which there was ambiguity on what reinforcements were included. WACM2 attempts to bridge that gap and WACM3 goes even further with the inclusion of CSNP. Determination of this modification needs to carefully consider the gate 2 offers and overall connection reforms.

Panel Member: **Dan Arrowsmith, NESO Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Yes	Neutral	Neutral	Yes
WACM1	Neutral	Yes	Neutral	Neutral	Yes
WACM2	Neutral	Yes	Neutral	Neutral	Yes
WACM3	Neutral	Yes	Neutral	Neutral	Yes

Voting Statement

NESO believes that the original, and all WACMs, better facilitate competition by ensuring that connecting sites do not need to securitise against strategic works; currently, some strategic works must be securitised against and some must not, which creates an uneven playing field in the baseline code. Also, this adjustment is designed to be minimally disruptive to the concept embedded in CMP192 - that a fix to attributable works is irreversible.

NESO believes the original solution is an elegant and simple solution for the stated defect, and considers it to be the best solution, being better than both the baseline, and the WACMs.

WACM1 and WACM3 attempt to tie down what works are excluded in relation to CP30 and Beyond 2030, which onshore precede the specific recommendations in the CNSP (first published from end 2027, on the current plan) and relate to (for example) new circuits out of general areas like “Northeast Scotland”. However, NESO expect that it is the CSNP that will, in most cases, translate CP30 and Beyond 2030 into specific onshore circuits, for which Ofgem may then go on to approve their needs cases and fund construction. The apparently precise formulations in the paragraphs of WACM1’s text do ultimately still leave a judgement being made as to whether each transmission scheme is generator-dependent or for wider system benefit, which is

the judgement being made in relation to all circuits under the original. NESO believes it adds a good deal to perceived complexity without really adding precision. Process names can change over time; these WACMs attempt to mitigate that risk. NESO believes WACM1 and WACM3 are, however, better than the baseline.

WACM2 attempts to add transparency by imposing certain obligations on NESO. We prefer the baseline where ultimately Ofgem has discretion to designate, having taken advice from NESO; we do not consider for instance that publication of instances where Ofgem has taken a decision that differed from NESO advice represents an efficient or necessary process. NESO believes WACM2 is, however, better than the baseline.

Panel Member: **Garth Graham, Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Yes	Neutral	Neutral	Yes
WACM1	Neutral	Yes	Neutral	Neutral	Yes
WACM2	Neutral	Yes	Neutral	Neutral	Yes
WACM3	Neutral	Yes	Neutral	Neutral	Yes

Voting Statement

Having reviewed the draft FMR and, in particular, the consultation responses, I believe that all four options (the Original and the three WACMs, as set out on pages 13-17) are better, in terms of the Applicable CUSC Objective (ii), than the Baseline.

The benefits are perhaps best summarised in the Scottish Renewables CAC response:

"*The principle of removing unnecessary, duplicative securitisation (iv) instinctively unlocks greater competition (ii) by enabling Generators of varying size and financial flexibility into the market, as well as better safeguarding of all existing projects and their ability to progress investment to meet imminent climate targets*."

The CMP428 decision (CUSC accept _ decision letter template) was the precursor to CMP447. Having the ability for those TO works that are 'strategic' (rather than User specific) to be treated differently (with respect to User Commitment) is appropriate and CMP447 reflects the recent changes (such as with LOTI and ASTI etc.,) that have

developed over the intervening period (as well as allowing for future developments with respect to investments on the NETS by the TOs).

Having considered the paperwork, I appreciate the concerns, with respect to the Original in terms of the length of the process, the number of times it would have to be carried out, the lack of certainty over future forecasts and the lack of any legal compliance stating that it should always be carried out.

In respect of the last item (legal compliance) I am aware, from experience within the sector, that relying on a process to be carried out where no legal obligation existing has proved problematic in other processes (see, for example, the system incident reporting by NESO (nee NGET) which was arbitrarily halted (by NESO) and then necessitated the raising of GC105 to codify the obligation). Reasons for this include that staff move on, other (more pressing?) work arises or indeed that the results are inconvenient. It becomes easy to stop doing things when there is no obligation to do so.

Accordingly, I believe that WACMs 1, 2 and 3 are superior when compared with the Original (which, in turn is better than the Baseline as, therefore, are the three WACMs) with all four options (Original and the three WACMs) better facilitating effective competition in the generation and supply of electricity.

Of the five options (Baseline, Original and the three WACMs) WACM3 is 'Best'.

In respect of WACM2, I am mindful of the NESO's CAC response, in terms of "*we do not consider for instance that publication of instances where Ofgem has taken a decision that differed from NESO advice represents an efficient or necessary process*".

I respectfully do not concur with the NESO on this matter.

Energy data transparency; as evidenced in the clear conclusions and recommendations of the Energy Data Taskforce (Energy Data Taskforce | A Modern Digitalised Energy System which was commissioned jointly by DESNZ and Ofgem); results in significant benefits to end consumers and to system security. If this information was not to be shared with stakeholders then the taskforce also identified the counterfactual, namely that "*innovation is being stifled, the system is less efficient, and the consumer is worse off*".

Without seeing (a) what NESO has, in totality, advised (with respect to circuits) (b) what Ofgem has agreed and (c) what Ofgem has not agreed (should be part of the 'exclusion') then stakeholders will lack visibility (and certainty) that a circuit relevant

to their project has (i) at least been considered and (ii) if rejected, that there is a reason for that rejection.

Absent visibility of (a)-(c) stakeholders will be uncertain as to whether a circuit relevant to their project has (or has not) even been considered….this will intrinsically lead to market uncertainty and concern (as to the treatment, in the context of User Commitment, of the circuit). This can be dispelled simply by transparency – and it's neither a difficult or onerous task for NESO to undertake.

Furthermore, I am also mindful of the NESO's public statement in respect of it's data sharing approach (Data Sharing Approach | National Energy System Operator)

"*NESO (National Energy System Operator) acknowledges its crucial role within the energy sector and recognises the importance of the data it holds in shaping the future of energy systems and supporting the UK's ambition to achieve carbon net-zero by 2050. As a result,* ***we actively embrace the need to*** *share our data,* **fostering transparency**, *innovation, and collaboration.*" [emphasis added]

The worthy and highly commendable intent, on the part of NESO, to 'actively embracing the need to foster transparency' would appear to be at odd's with NESO's view here in terms of WACM2.

Notwithstanding the above, it is not clear to me that were a *Freedom of Information* request to be issued (in the future) by a stakeholder to either NESO or Ofgem (for information about how a circuit was being treated, for the purposes of User Commitment) that this information would not be forthcoming anyway.

Panel Member: **Lauren Jauss, Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Yes	Yes	Neutral	Neutral	Yes
WACM1	Yes	Yes	Neutral	Neutral	Yes
WACM2	Yes	Yes	Neutral	Neutral	Yes
WACM3	Yes	Yes	Neutral	Neutral	Yes
Voting Statement					

This modification will help avoid the over-securitisation of works, removing an unnecessary financial barrier to investment, and facilitating effective competition. WACM2 allows for a broader, appropriate, scope of works to be excepted.

Panel Member: **Shane Cracknell, Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Yes	Yes	Neutral	Yes	Yes
WACM1	Yes	Yes	Neutral	Yes	Yes
WACM2	Yes	Yes	Neutral	Yes	Yes
WACM3	Yes	Yes	Neutral	Yes	Yes

Voting Statement
All three proposals provide improvements in transparency, fairness, and proportionality of user liabilities. They reduce unnecessary securities and therefore lower barriers to connection, aligning with Ofgem's guidance and supporting timely delivery of Net Zero objectives. While WACM1 and WACM3 each offer partial benefits, their scope is narrower or transitional. Therefore, my overall preference is WACM2, as it delivers the clearest and most enduring alignment with the CUSC objectives and the wider strategic aims of enabling Net Zero.

Vote 2 – Which option best meets the Applicable Objectives?

Panel Member	Best Option	Which objectives does this option better facilitate? (If baseline not applicable).
Andy Pace	WACM3	ii)
Binoy Dharsi	WACM3	ii)
Dan Arrowsmith	Original	ii)
Garth Graham	WACM3	ii)

Lauren Jauss	WACM2	i),ii)
Shane Cracknell	WACM2	i),ii)

Panel Conclusion

The Panel recommended unanimously that the Original, WAXCM1, WACM2 and WACM3 better facilitated the Applicable CUSC Objectives.

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 this 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.

Interactions

☐Grid Code	☐BSC	☒STC	☐SQSS
☐European Network Codes	☐ EBR Article 18 T&Cs[1]	☐Other modifications	☐Other

Acronyms, key terms and reference material

Acronym / key term	Meaning
AI	Anticipatory Investment
ASTI	Accelerated Strategic Transmission Investments
BCA	Bilateral Connection Agreement
BSC	Balancing and Settlement Code
CAC	Code Administrator Consultation
CAPEX	Capital Expenditure
CfD	Contracts for Difference
CMP	CUSC Modification Proposal
CP30	Clean Power 30
CSNP	Centralised Strategic Network Plan
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
GEMA	Gas and Electricity Markets Authority
GSP	Grid Supply Point
G2TWQ	Gate 2 To Whole Queue

HND	Holistic Network Design
HNDFUE	Holistic Network Design Follow Up Exercise
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
SIF	Strategic Investment Factor
SME	Subject Matter Expert
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
STCP	System Transmission Owner Code Procedure
TCMF	Transmission Charging Methodologies Forum
TO	Transmission Owner
T&Cs	Terms and Conditions
WACM	Workgroup Alternative CUSC Modification

Annexes

Annex	Information
Annex 01	CMP447 Proposal Form
Annex 02	CMP447 Terms of Reference
Annex 03	CMP447 Urgency Letters
Annex 04	CMP447 Original and WACMs Legal Text

Annex 05	CMP447 Orkney Case Study
Annex 06	CMP447 Worked Examples ASTI and Non-ASTI
Annex 07	CMP447 Updated Section 15 Guidance Note
Annex 08	CMP447 Wider Cancellation Charge Information Slide
Annex 09	CMP447 Process Map
Annex 10	CMP447 WACMs 1, 2 and 3 Alternative Request Forms
Annex 11	CMP447 Workgroup Consultation Responses (Non-Confidential)
Annex 12	CMP447 Workgroup Consultation Summary
Annex 13	CMP447 Alternative and Workgroup Vote
Annex 14	CMP447 Action Log
Annex 15	CMP447 Workgroup Attendance Record
Annex 16	CMP447 Code Administrator Consultation Non-Confidential Responses
Annex 17	CMP447 Code Administrator Consultation Non-Confidential Response Summary