Public

# **CM093:** Extending the principles of the User Commitment Methodology to Final Sums Methodology as a consequence of CUSC Modification – CMP417

Workgroup 3, 03 November 2025

Online Meeting via Teams

NESO
National Energy System Operator

# WELCOME

NESO
National Energy System Operator

# Agenda

| Topics to be discussed | Lead |
|---|---|
| Welcome | Chair |
| Action log | Chair |
| Objectives and Timeline | Chair |
| Review Terms of Reference | Chair |
| Workgroup Considerations | Proposer/ All |
| CMP417 Calculations | MC |
| Any Other Business | Chair |
| Next Steps | Chair |

## Expectations of a Workgroup Member

- Contribute to the discussion
- Be respectful of each other's opinions
- Language and Conduct to be consistent with the values of equality and diversity
- Do not share commercially sensitive information
- Be prepared - Review Papers and Reports ahead of meetings
- Complete actions in a timely manner
- Keep to agreed scope
- Email communications to/cc'ing the .box email

## Your Roles

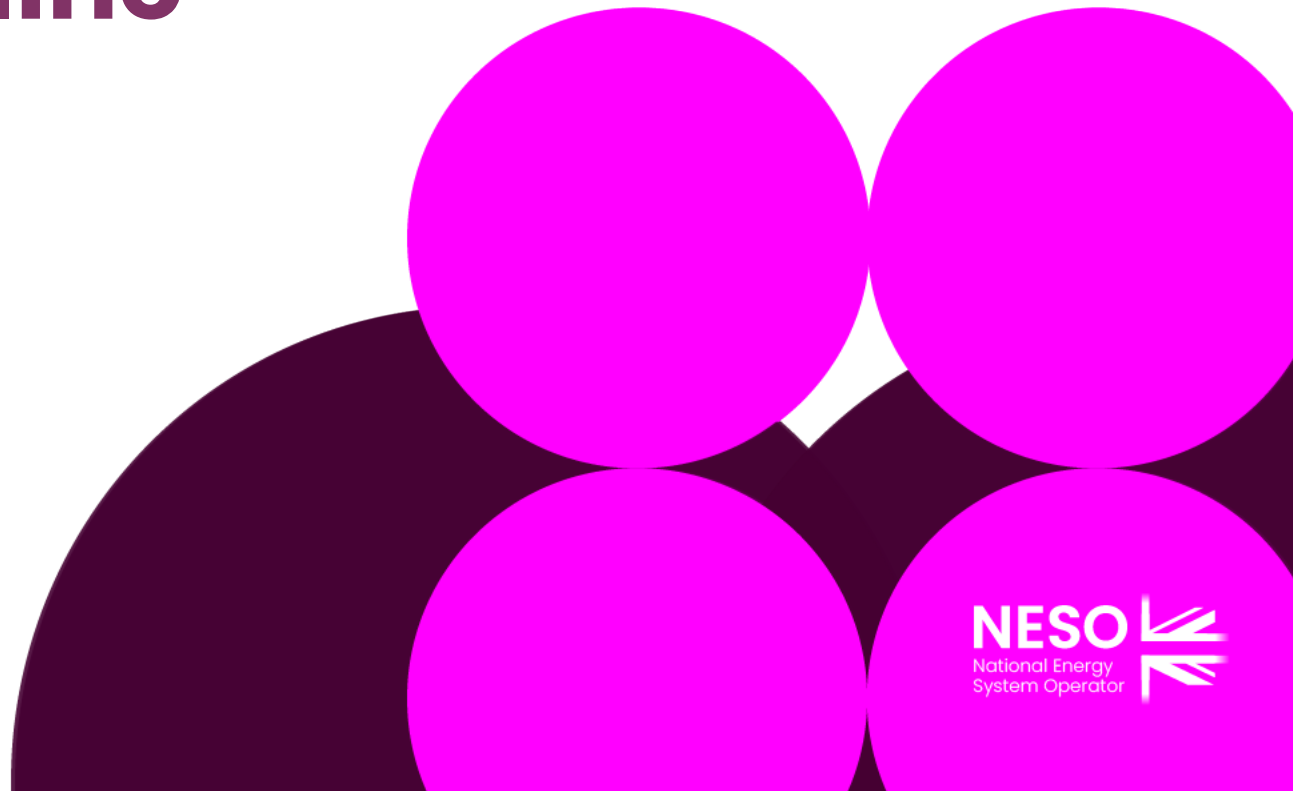
- Help refine/develop the solution(s)
- Bring forward alternatives as early as possible
- Vote on whether or not to proceed with requests for Alternatives
- Vote on whether the solution(s) better facilitate the Code Objectives

# Actions Log

| Action Number | Workgroup raised | Owner | Action | Update | Due by | Status |
|---|---|---|---|---|---|---|
| 1 | WG2 | RH/JR | Produce a slide showing the coordinated timeline for CMP417 and CM093 | | WG3 | Closed |
| 2 | WG2 | RH/JR | Add points raised during the discussion to the list of key areas for consideration. These include:<br><br>• Clarify differences between security and liability<br>• Acknowledging market dynamics and related policies<br>• Addressing the complexity of TOCO and TOCA processes, including lead times for implementation. | Included as part of this pack and will be included in the Workgroup Considerations section in the Workgroup Consultation | WG3 | Closed |
| 3 | WG2 | MC | Provide generic examples from CMP417 to illustrate the changes and calculations. | From CMP417 WG9, we have a high level process flow slide included in this pack. | WG3 | Open |

# Objectives and Timeline

Robert Hughes – NESO Code Administrator

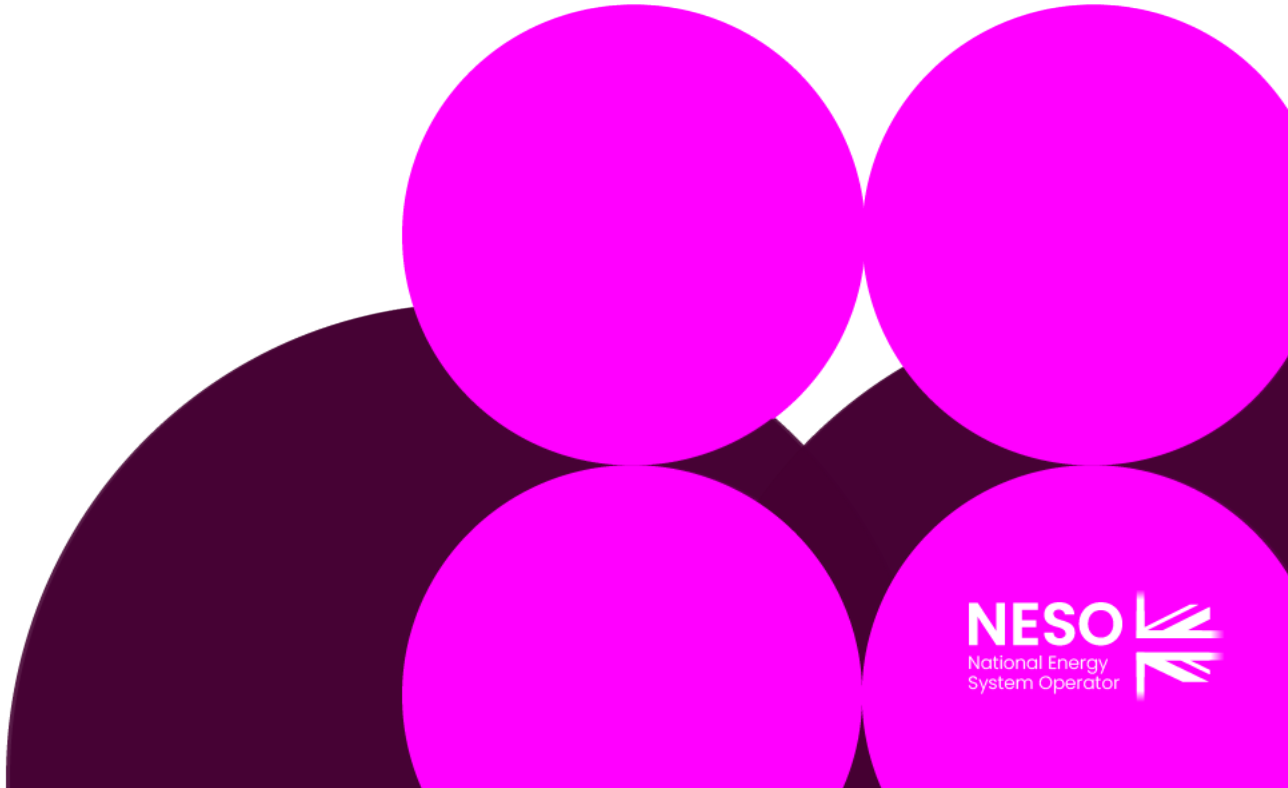


# CM093 and CMP417 Timelines

| CM093 | Workgroups/ Dates | CMP417 | Workgroups/ Dates |
|---|---|---|---|
| Workgroup 3 | 03 November 2025 | Workgroup 11 | 12 November 2025 |
| Workgroup 4 | 01 December 2025 | Workgroup 12 | 17 December 2025 |
| Workgroup 5 | 06 January 2026 | Workgroup 13 | 20 January 2026 |
| **Workgroup Consultation** | 02 February 2026 – 23 February 2026 | **Workgroup Consultation** | 02 February 2026 – 23 February 2026 |
| Workgroup 6 | 30 March 2026 | Workgroup 14 | 16 March 2026 |
| Workgroup 7 | 22 April 2026 | Workgroup 15 | 7 April 2026 |
| Workgroup 8 | 12 May 2026 | Workgroup 16 | 30 April 2026 |
| **Workgroup Report to Panel** | 24 June 2026 | **Workgroup Report to Panel** | 18 June 2026 |
| **Post Workgroups** | | | |
| Code Administrator Consultation | 01 July 2026 – 22 July 2026 | Code Administrator Consultation | 01 July 2026 – 22 July 2026 |
| CM093 Draft FMR to Panel | 18 August 2026 | CMP417 Draft FMR to Panel | 20 August 2026 |
| CM093 FMR to Ofgem | 07 September 2026 | CMP417 FMR to Ofgem | 07 September 2026 |
| Ofgem decision | TBC | Ofgem decision | TBC |
| CM093 Implementation Date | 10 Business Days after Authority Decision | CMP417 Implementation Date | 10 Business Days after Authority Decision |

# Review Terms of Reference

Robert Hughes – NESO Code Administrator

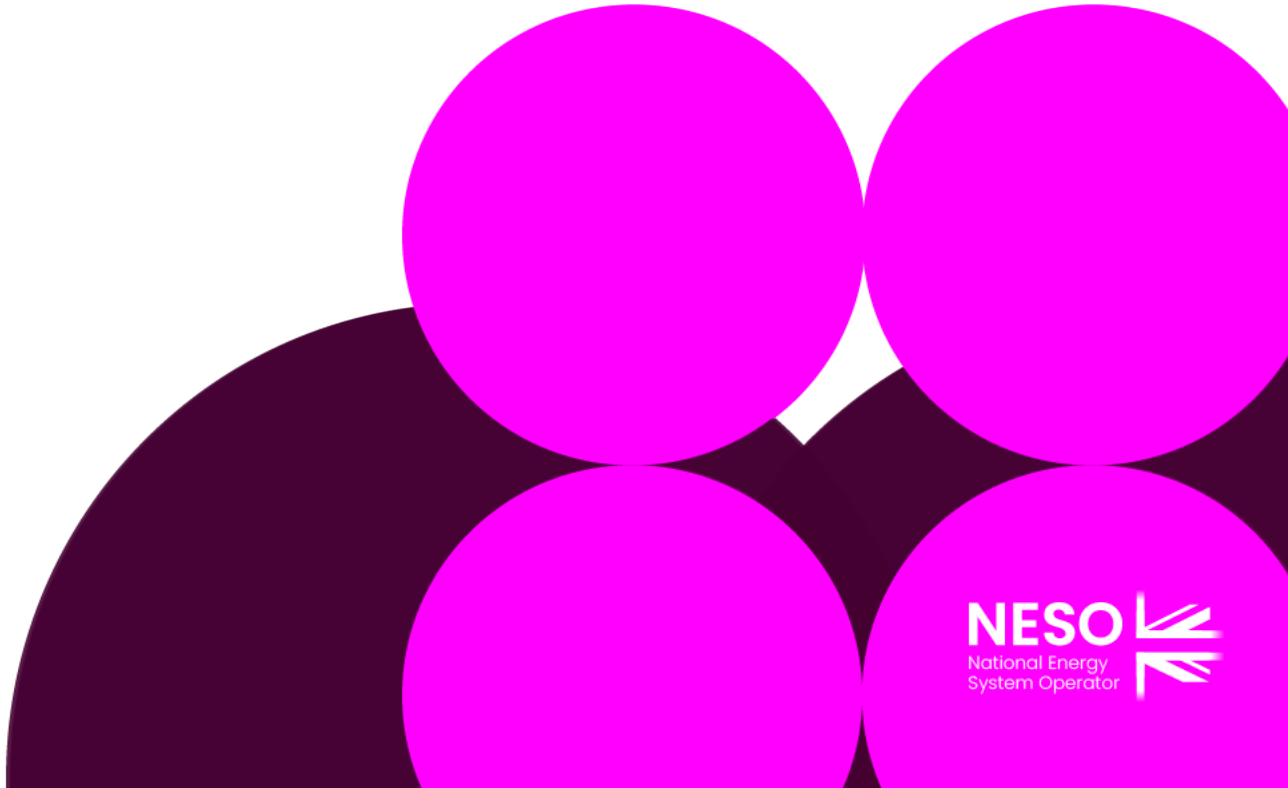


# Terms of Reference

| Terms of Reference |
| --- |
| a) Implementation |
| b) Review and support the legal text drafting |
| c) Ensure the appropriate Industry experts or stakeholders are engaged in the Workgroup to ensure that all potentially affected stakeholders have the opportunity to be represented in the Workgroup |
| d) The cross Code impacts this Modification has, in particular the CUSC (CMP417) |
| e) Consider the wider consequences of the proposed changes, including any TO investment risk, commercial signals to developers, and any interactions with on-going Connections Reform. |

# Workgroup Considerations

Steve Baker – NESO



# Detailed areas for discussion for the Workgroup are:

| Topics to be discussed | Terms of Reference addressed |
|---|---|
| What constitutes as Part 1 'work required for the User'? | We have a proposed definition for "Attributable Works" from CMP417 (see later slides)<br><br>Views invited for discussion |
| What constitutes as Part 2 'works required for wider system reasons | Part 2 is the Wider charge which takes the total TO Capex spend minus anything already included as attributable and spreads across users.<br><br>Views invited for discussion |
| How should 'shared' works be treated?<br>1. Triggered by generation<br>2. Triggered by demand<br>3. Other | For discussion on WG3 considering CMP417 Workgroup 10 slides in this pack and implications for STC(P) solution |

# Detailed areas for discussion for the Workgroup are:

| Topics to be discussed | Terms of Reference addressed |
|---|---|
| Does the Attributable works definition work for Demand?<br><br>Discuss, considering CUSC Legal Text discussions (next slide) | **STC Current Definition Section J:**<br>"Attributable Works" those components of the Transmission Construction Works which are required (a) to connect a Power Station which is to be connected at a Connection Site to the nearest suitable MITS Node; or (b) in respect of an Embedded Power Station from the relevant Grid Supply Point to the nearest suitable MITS Node (and in any case above where the Construction Works include a Transmission substation that once constructed will become the MITS Node, the Attributable Works will include such Transmission substation) but excluding in each case (a) and (b) any [Expected Works], and which in relation to a particular User are as specified in the relevant TO Construction Agreement<br><br>**Proposal is to keep the same principle i.e. works required up to the nearest MITS node but extend to demand.** |

# Detailed areas for discussion for the Workgroup are:

| Topics to be discussed | Terms of Reference addressed |
|---|---|
| How should we define Attributable Works for Demand?<br><br>CUSC Legal Text: | Further to previous slide:<br><br>**CUSC Definition/ suggested changes:**<br>those components of the **Construction Works** which are required (a) to connect a **Power Station, Distribution System** directly connected to the **National Electricity Transmission System, Non-Embedded Customer** 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 or **Distributed Demand** from the relevant **Grid Supply Point** to the nearest suitable **MITS Node**; (and in any case above where the **Construction Works** include a **Transmission** substation that once constructed will become the **MITS Node**, the **Attributable Works** will include such Transmission substation) but excluding in each case (a) and (b) any **[Excepted Works],** and which in relation to a particular **User** are as specified in its **Construction Agreement**;<br><br>Should we mirror the CUSC Attributable Works definition? |



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# Detailed areas for discussion for the Workgroup are:

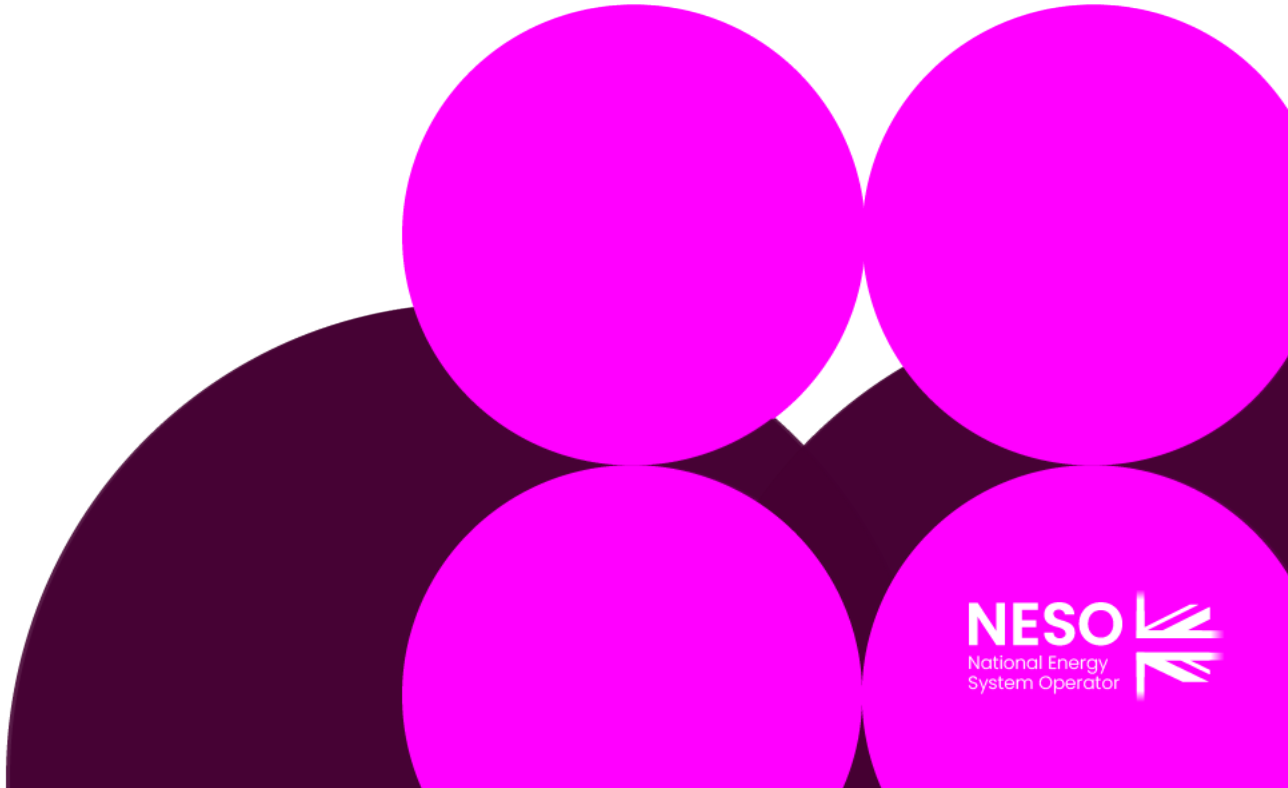
| Topics to be discussed | Terms of Reference addressed |
|---|---|
| Clarify differences between security and liability | **Clarity on differences:**<br><br>**Security** is the upfront financial commitment a user provides to cover potential liabilities<br><br>**Liability** represents the actual cost exposure for works attributable to the user, calculated using factors like SIF and LARF.<br><br>These mods aren't looking to change how security vs liability work and the difference is outlined clearly in current guidance documents.<br><br>Need to make sure in documentation we produce we are clear when we refer to each. |

# Detailed areas for discussion for the Workgroup are:

| Topics to be discussed | Terms of Reference addressed |
|---|---|
| Acknowledge market dynamics and related policies | Consideration of policies to manage volumes of demand.<br><br>For discussion. |
| Addressing the complexity of TOCO and TOCA processes, including lead times for implementation. | Are TOCO/TOCA Processes workable in context of extending the principles of the User Commitment Methodology to Final Sums Methodology as a consequence of CUSC Modification – CMP417?<br><br>TOCO / TOCA process is not isolated to a single STCP but is distributed across several, with STCP 16-1 and 19-2 being the most directly relevant.<br>Possibly a new or amended STCP (potentially 13-2 or a new procedure) to further clarify the TOCO process for Final Sums Methodology users.<br><br>For discussion. |

# CMP417 Updates

Martin Cahill – NESO



# Process Flow

**Application to NESO**

| New direct demand connection | Modification to existing agreement | Embedded demand site which triggers Mod App | DNO driven works |
|---|---|---|---|
| As part of application, customer is required to provide 'Demand Capability' in MW. This should reflect the maximum power which they require at the Connection Site, and is used to calculate SIF and Wider Liability | As part of application, customer is required to provide 'Demand Capability' in MW. NESO Liability calculations are based on the increase in Demand Capability required – e.g. if demand capability is increasing from 50MW to 100MW, 50MW is used | DNO provides Demand Capability through modification application on behalf of the embedded customer – this will reflect the maximum power required by the embedded demand site. | DNO provides Demand Capability as part of Connection Application. This should reflect the required maximum power at the GSP, expected to be based off long term demand forecasts as per week 24 process |

Upon signing a new contract or contract variation, customer liable for cancellation charges under CMP417. Security is required to be placed within 30 days.

Proportion of liability required to be secured will be the same as under generator user commitment. If project reduces demand capability before connecting, cancellation charge will be calculated based on MW reduction

**Total Cancellation Liability = Attributable Liability + Wider Liability**
**Attributable Liability = Spend to date (inc 6 month forecast) x (1-LARF) x SIF**
LARF is provided by TO
**SIF = Demand Capability (from connection application)/Scheme Capability(from TO)**
**Wider Liability = Demand Capability (from connection application) x £/MW Zonal Demand Tariff x Wider Profile %**
Note if there if it is a hybrid site, a check will ensure that no schemes are included in both security statements. If attributable to both, a scheme will only appear in the statement for the plant with the highest MW rating – TEC or Demand Capability



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# CM417 Workgroup 10

Discussion Points from CMP417 Workgroup 10:

- We reviewed some draft legal text which will be refined with NESO legal team over coming weeks
- Some questions around Attributable Works and Hybrid Sites (Generation and Demand at the same site) – see additional slides on these
- Discussed different DNO scenarios – e.g. large embedded schemes triggering Mod Apps vs reinforcement required by DNO for residual demand growth
- Questions around data to be collected for embedded demand sites

# Attributable Works Scenarios – 1

3 customers requiring an OHL reinforcement-

| Site A<br>Generator<br>100MW TEC | Site B<br>Generator<br>200MW TEC | Site C<br>Hybrid<br>200MW TEC<br>150MW Demand |
|---|---|---|

- NESO will require a list of attributable works for each scheme to calculate liabilities. Currently we receive these for generation but not demand sites.
- Site C in this example is a Hybrid Site which includes Generation and Demand elements. We propose to produce two separate security statements for Site C – one for the Generation element and one for the Demand element
- So that Site C does not have duplicate liabilities, we propose to ensure that any attributable works are included once – either in the Generation or Demand Security Statements

*If the demand element of site C (if treated as standalone) could have connected without the OHL reinforcement, but the Generation element does require the works, is it possible for TOs to include this in the information sent to NESO so that we only include in the attributable works for the Demand security statement?*

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# Attributable Works Scenarios – 2

3 customers requiring an OHL reinforcement-

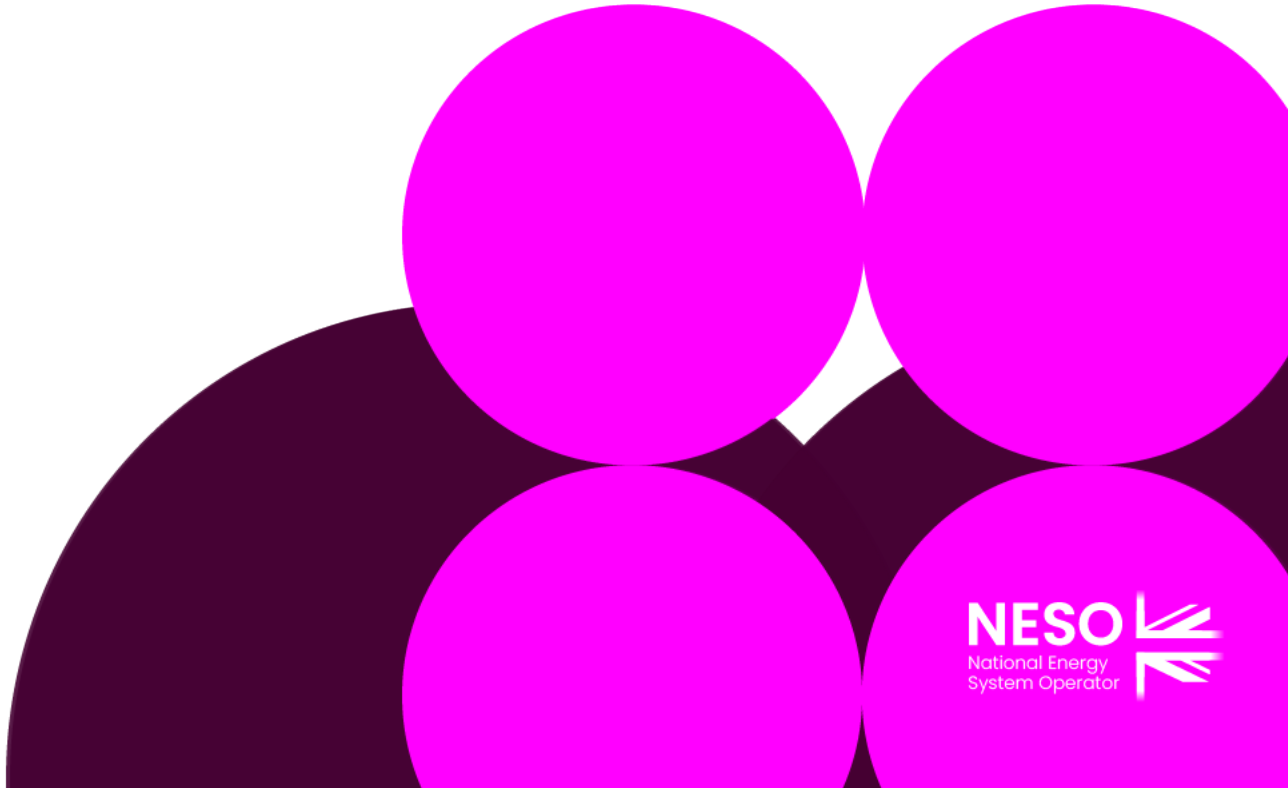
| Site A<br>Generator<br>100MW TEC | Site B<br>Generator<br>200MW TEC | Site C<br>Hybrid<br>200MW TEC<br>150MW Demand |
|---|---|---|

- Assuming the Shared works are applicable to all of the above (would be required to connect generation and demand elements of site C as well as sites A and B), we still need to ensure attributable works are only included in one of site C's security statements
- In this scenario this will be done by applying to the highest MW rated element of the Hybrid Site, which in this case is the generation (200MW vs 150MW demand)

Do you agree with this approach? Also previously considered TOs providing information as to whether works were predominantly Generation or Demand driven, but feedback was that this could add significant complexity.

# Any Other Business

Robert Hughes – NESO Code Administrator



# Next Steps

Robert Hughes – NESO Code Administrator