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# Code Administrator Meeting

## Summary

Workgroup Meeting 3: CMP414 - CMP330/CMP374 Consequential Modification

**Date:** 17/11/25

### Contact Details

Chair: Robert Hughes, [robert.hughes3@neso.energy](mailto:robert.hughes3@neso.energy)

Proposer: Neil Dewar, [neil.dewar@neso.energy](mailto:neil.dewar@neso.energy)

### Key areas of discussion

The key area of discussion focused on the points made in the [Ofgem send back letter](#).

### Objectives and Timeline Review

The Chair clarified the scope and CUSC Panel prioritisation following the publication of [Demand connections update - guidance - Ofgem](#) remains focused on the points made in the Ofgem send back letter, requesting clarity on the analysis and impacts of the proposed changes, rather than changing the solution. One Workgroup member raised concerns about the ambiguity in Ofgem’s letter regarding whether the Workgroup should change the solution or focus on quantifying benefits and risks. The Ofgem representative confirmed the Ofgem expectation is for the Workgroup to address the send back points and not to propose a new solution, confirming the Workgroup’s current direction.

The Chair explained that the CUSC Panel has agreed a realistic timeline for the CMP414, with the current focus on the send back letter’s issues. The Chair clarified the difference between priority and urgency, noting that while the panel has prioritised CMP414 Workgroup work to be undertaken the Modification is not following the urgent governance route. The Chair also noted that any changes to the governance route of CMP414 would need to be requested by the Proposer and presented to the CUSC Panel before going to the Authority for their decision on urgency.

### Proposers Update

The Proposer recapped on the background of CMP414 and outlined the plan to address each send back point systematically. The Proposer then led the Workgroup through discussion on each of the send back letter points and stimulating conversation on required evidence and analysis. The Proposer emphasised the need for Workgroup

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collaboration. The meeting then discussed each of the send back points in turn, identifying the actions required to produce a meaningful response.

### Lack of clarity on benefits

- **Evidence Gathering for Quantifying Benefits and Risks:** The Workgroup discussed the need for empirical evidence to quantify financial and time-saving benefits, agreeing on specific actions for data gathering, analysis, and engagement with industry bodies and developers to address Ofgem’s requirements.
- **Empirical Evidence Requirements:** One Workgroup member asked what constitutes satisfactory evidence for Ofgem, The Authority representative confirmed the need for empirical evidence based on available and anticipated data. The Workgroup acknowledged the lack of robust data in the original Final Modification Report (FMR) and the requirement to improve this in the amended FMR.
- **Data Sources and Confidentiality:** One Workgroup member described analysis conducted by Energiekontor, estimating significant savings but noting confidentiality concerns. The Workgroup agreed to include public analysis in the FMR and append confidential details separately for Ofgem review.
- **Independent and Industry Data:** The Workgroup discussed using ENA analysis and reports from EirGrid, as well as direct engagement with developers and industry associations (e.g., Renewable UK, Scottish Renewables) to supplement data.
- **Scope and Metrics Clarification:** The Workgroup highlighted the importance of understanding the practical scope of contestable works, particularly the rarity of long, high-voltage sole use circuits in England and Wales, and the need to quantify benefits accordingly. The Workgroup agreed to seek clarity on regional differences and the legal framework.

### Lack of clarity on risks of Sub-standard assets

- **Addressing Substandard Asset Risks and Mitigations:** The Workgroup examined the risks associated with substandard assets in contestable works, discussing existing contractual protections, the need for a risk register, and the importance of clear mitigation strategies in the FMR.
- **Existing Protections and Agreements:** Several Workgroup members described the use of user self-build agreements and adoption contracts, which include design approval processes, type-approved equipment lists, and oversight by Transmission Owners to mitigate risks of substandard assets.

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- **Risk Register Proposal:** The Workgroup agreed to develop a risk register detailing potential risks, mitigations, and their ratings (e.g., high, medium, low) to address Ofgem’s concerns and provide a structured response in the FMR.
- **Legal and Regional Considerations:** The Proposer raised the need to consider legal requirements, such as possible underwriting by Lloyds of London and differences between Scotland and England, ensuring the adoption agreements are robust and legally compliant.
- **Developer Incentives and Quality:** One Workgroup member noted that developers are incentivised to build high-quality assets, sometimes exceeding DNO standards, and that standards should not unnecessarily restrict innovation or quality improvements.

### Lack of Charging considerations

- **Charging Considerations and Potential Impacts:** The Workgroup discussed the charging implications of contestable works, including how costs, warranties, and shared assets are managed, and agreed to document scenarios and potential impacts for inclusion in the FMR.
- **Charging Scenarios and Asset Adoption:** Several Workgroup members explained that if contestable assets remain sole use, costs and warranties typically fall to the user, but if assets become shared infrastructure, charging and cost recovery mechanisms become more complex, potentially impacting consumers.
- **Defects Liability and Refunds:** One Workgroup member highlighted that defects liability periods (typically two to five years) ensure users or their contractors cover remedial costs, and raised questions about how capital contributions and refunds are managed if assets become shared.

### Lack of analysis on Anticipatory Investment

- **Analysis of Anticipatory Investment (AI) and Future Scenarios:** The Workgroup discussed the need to analyse how contestable works interact with anticipatory investment, agreeing to develop scenario analyses to illustrate potential benefits and challenges for future network development.
- **Intervention Criteria and AI:** One Workgroup member explained that intervention criteria allow Transmission Owners to take over works if anticipatory investment is needed but acknowledged that more analysis and real-life scenarios are required to demonstrate how this would work in practice.
- **Scenario Development:** The Workgroup agreed to develop scenarios illustrating different types of anticipatory investment, such as shared substations

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for data centres or remote wind farms, to clarify any CMP414 impact on future network planning.

- **Strategic Versus Local Investment:** One Workgroup member distinguished between large-scale strategic investments and local shared use developments, noting that the economic and practical benefits of contestability vary by voltage level and geographic context.

## Misalignment of the STC and CUSC

- **Alignment and Consistency Between CUSC and STC Legal Texts:** The Workgroup noted the need for alignment between the CUSC and STC Legal texts, particularly regarding compensation and intervention provisions, and agreed on a coordinated process for legal drafting and issue resolution.
- **Legal Text Consistency:** The Workgroup noted inconsistencies between the CUSC and STC legal texts, especially in compensation arrangements, and proposed aligning the language and provisions to avoid conflicts and ensure clarity for all parties.
- **Coordinated Workgroup Process:** The Chair outlined a process where the CUSC Modification CMP414 Workgroup leads, followed by the STC Modification CM079 Workgroup, allowing issues to be identified and addressed in sequence to maintain alignment and resolve any conflicts.
- **Focus on Disputes and Reasonable Costs:** The Workgroup agreed to focus on clarifying terms such as 'reasonable costs' and 'not unreasonably disadvantaged' in the Legal text.
- **Analysis of Incentives for Timely and High-Quality Delivery:** The Workgroup discussed the differing incentives for Transmission Owners and developers regarding timely and high-quality delivery of contestable works, with the Authority agreeing to provide further clarification.
- **TO and Developer Incentives:** One Workgroup member described the regulatory incentives for timely connections and noted that delays caused by users could impact Transmission Owners performance metrics, raising questions about exceptions and the allocation of responsibility.

## Public Action Updates

The Workgroup agreed to close actions 4 and 5.

The Workgroup agreed that actions 1,2 and 3 should remain open

The Workgroup agreed to open several new actions which were related to the send back points discussed during the meeting.

Actions 6.0, 6.1, 6.2, 6.3, 6.4, 6.5 and 6.6 were opened related to the send back point “Lack of clarity on benefits”.

Action 7 was opened related to the send back point “Lack of clarity on risks of Sub-standard assets”.

Action 8 was opened related to the send back point “Lack of Charging considerations”.

Action 9 was opened related to the send back point “Lack of analysis on Anticipatory Investment”.

Action 10 was opened related to the send back point “Misalignment of the STC and CUSC”.

Action 11 was opened.

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### Actions

| Action Number Raised | Workgroup | Owner        | Action   | Due by | Status |
|----------------------|-----------|--------------|--|--------|--------|
| 1                    | WG1       | ND, MPS & AP | Obtain evidence from the ENA to obtain statistics on contestability                  | WG 2   | Open   |
| 2                    | WG1       | WG           | Look into transmission regime for additional insights on managing substandard assets | WG2    | Open   |
| 3                    | WG1       | RW           | Ofgem to provide clarity on lack of analysis around incentives meaning               | WG2    | Open   |

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| 4   | WG2 | All          | Clarify the definition and scope of assets covered by CMP414, including examples and limitations, for inclusion in the documentation.   | WG3 | Closed |
| 5   | WG2 | All          | Participate in fact-finding to clarify the current status quo regarding ownership and construction of transmission assets, and align understanding between the Electricity Act, Licence conditions, SQSS, and CUSC. | WG3 | Closed |
| 6   |     |              | <b><u>Lack of clarity on benefits</u></b>   |     |        |
| 6   | WG3 | AP           | Share the confidential cost benefit analysis from Energiekontor with the Workgroup, indicating which parts are confidential and can be included as a confidential appendix to the FMR                               | WG4 | New    |
| 6.1 | WG3 | ND           | Investigate whether Eirgrid's previous cost benefit analysis on contestable works can be sourced and considered as part of the evidence base.   | WG4 | New    |
| 6.2 | WG3 | ND, AP & MPS | Review available ENA data and independent analysis on financial and time-saving benefits.   | WG4 | New    |
| 6.3 | WG3 | MPS          | Provide a written note on the realistic scope and likely voltage levels of contestable works, especially regarding  | WG4 | New    |

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|     |     |         | the rarity of long, high-voltage circuits in England and Wales.   |     |     |
| 6.4 | WG3 | ND & DR | Explore the possibility of obtaining data on contestable connections directly from developers via industry associations such as Renewable UK, Scottish Renewables, and Solar UK, and report on feasibility and progress           | WG4 | New |
| 6.5 | WG3 | KE      | Clarify what constitutes satisfactory empirical evidence for financial and time-saving benefits, including whether data from distribution contestability is available and relevant  | WG4 | New |
| 6.6 | WG3 | MPS     | Draft a written summary on the realistic scope and metrics for construction of sole use circuits over 2 kilometres at various voltage levels, including the likelihood and potential benefits, for consideration by the Workgroup | WG4 | New |
| 7   |     |         | <b><u>Lack of clarity on risks of Sub-standard assets</u></b>   |     |     |
| 7   | WG3 | ND/WG   | Produce a risk register detailing risks and mitigations associated with substandard assets in contestable works, including consideration of legal and contractual   | WG4 | New |

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|    |     |              | protections, with input from the Workgroup  |     |     |
| 8  |     |              | <b><u>Lack of Charging considerations</u></b>   |     |     |
| 8  | WG3 | JO           | Provide a summary of charging considerations and potential issues for contestable assets, especially regarding shared infrastructure and capital contributions  | WG4 | New |
| 9  |     |              | <b><u>Lack of analysis on Anticipatory Investment</u></b>   |     |     |
| 9  | WG3 | AP, MPS & ND | AP and MPS to work with ND on scenario analysis for anticipatory investment (AI), focusing on real-life examples and the impact on future network sharing   | WG4 | New |
| 10 |     |              | <b><u>Misalignment of the STC and CUSC</u></b>  |     |     |
| 10 | WG3 | ND & MPS     | Review and align legal text between the CUSC and STC modifications, ensuring consistency in compensation and intervention clauses   | WG4 | New |
| 11 | WG3 | KE           | Provide clarification on the Authority's expectations regarding TO and contractor incentives and how they relate to timeliness and quality of build. This to be part of general clarification on each of the send back points | WG4 | New |

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**Attendees**

| <b>Name</b>           | <b>Initial</b> | <b>Company</b>                      | <b>Role</b>              |
|-----------------------|----------------|-------------------------------------|--------------------------|
| Robert Hughes         | RH             | Code Administrator, NESO            | Chair                    |
| Andrew Hemus          | AH             | Code Administrator, NESO            | Tec Sec                  |
| Neil Dewar            | ND             | NESO                                | Proposer                 |
| Andrew Colley         | AC             | SSE Generation                      | Workgroup Member         |
| Andy Pace             | AP             | Energy Potential Consulting Limited | Workgroup Member         |
| Dayna Roger           | DR             | NESO                                | NESO SME                 |
| Iwan Watkin           | IW             | Jacobs                              | Observer                 |
| Jonathan Oguntona     | JO             | BayWa r.e UK Ltd                    | Workgroup Member         |
| Kingsley Emeana       | KE             | Ofgem                               | Authority Representative |
| Matthew Paige-Stimson | MPS            | NGET                                | Workgroup Member         |
| Tim Ellingham         | TE             | RWE                                 | Workgroup Member         |