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15th January 2026

Securities Freeze due to the implementation of Connections Reform

Dear Customer,

This letter is for customers who have a transmission connection agreement with NESO only, that would require updated security statements¹. For those customers with a connection agreement with a DNO or iDNO, updates will follow from the respective organisations.

I am writing to inform you that NESO will not be issuing updated security statements today. We have requested a Letter of Comfort from Ofgem, as we are minded to freeze the biannual securities process for existing signed Construction Agreements for the next period, 1st April to 30th September 2026, due to the significant changes being brought about by Connections Reform code modifications (CMP434, 435 and CM095).

This will mean that:

1. NESO will not issue and update customers' liability and or security statements through the biannual process in January 2026. Securities will remain as per the statement sent to them in July 2024. Unless,
2. A customer has signed a Modification Offer which updated their security statement in the interim before the Gate 2 to Whole Queue (G2TWQ) window opened, in which case, the more recent statement will apply. Once in place, the updated security level will then remain as per point 1 above. Or,
3. For Gate 2 offers, the security statements will be issued as part of the Modification Offer. The customer will need to provide updated security in line with the value requested in MM2 or Appendix M, in the usual way when signed, but until then, they will need to secure the latest value requested. Once in place, the updated security level will then remain as per 1 above.

¹ Gate 1 projects have or will be issued agreements that will remove the requirement for securities

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4. The Wider Cancellation Charge will not be triggered during this period or be increased if it has already been triggered.
5. If a customer has previously elected to Fix their securities, then that customer's MM3² security profile (all to be held at the current level) will remain the same during the freeze. This applies to those customers who have recently elected to Fix their security and therefore, their security profile is due to increase. E.g. a customer currently secures £1,000 per MW, and although the security is due to increase to £2,000 per MW, the security will remain at £1,000 during the freeze.

If a customer did decide to terminate in this current period, prior to execution of their Gate 1 or Gate 2 contract, then NESO would look to levy the Cancellation Charge in the MM2 Cancellation Charge Secured Amount and follow the current process³.

What do you need to do next?

If you secure via Cash into Escrow, then, so long as NESO has the value required already in Escrow, no further action is needed.

If you secure via a bank Letter of Credit, please check the validity period of the Letter of Credit supplied to NESO and as needed, please update.

If you secure via a Parent Company Guarantee, please check the validity period supplied to NESO and update as needed.

Please follow the existing process to send in any updated Letters of Credit and or Parent Company Guarantees. You will need to send these to NESO by **14th February 2026**.

Why are we doing this?

To remove unnecessary duplication of activities: The Connections Reform code modifications bring unprecedented changes to the existing contracted background. Due to the expected timings, we expect that any customer who has self-selected Gate 1 or does not meet Gate 2 requirements will receive a Gate 1 offer by mid-2026. This means that, if the current Connection and Use of System Code (CUSC) process is followed, a customer will need to have secured by the latest of 15th March 2026, for the period starting 1st April 2026, which will mean their securities, which were updated in April 2026, will then fall away completely after a short period. Moreover, for customers who met the Gate 2 criteria, their offer will be revised by Q4 2026 at the latest. The offer will likely have updated Attributable works, so again their securities will need to be updated.

We trust that you will view the continuation of the securities freeze as a positive measure to support the transition to the Connections Reform methodology. We also invite you to attend our regular

² Notification of Fixed Attributable Works Cancellation Charge

³ CUSC S15 Part 4 Reconciliation of Actual Attributable Works Cancellation Charge

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Customer Connections webinar, where we provide the latest updates and information on Connections Reform.

Yours sincerely,



Robyn Jenkins

Head of Connections Reform