Public

Code Administrator Meeting Summary

Workgroup Meeting 4: Improving Transmission Connection Asset Charging

Date: 08 January 2026

Contact Details
Chair: Jess Rivalland, jessica.rivalland@neso.energy
Proposer: Joe Colebrook, Joe@innova.co.uk

Key areas of discussion

The Chair confirmed that the purpose of Workgroup 4 was to review the timeline and Actions Log, discuss the retrospectivity issue, provide an update on the data request, review DCP392, and discuss the Proposer's preferred solution.

Timeline

The Chair confirmed that there were two Workgroups left after this meeting, before the Workgroup Consultation, so asked Workgroup members to consider and raise any Alternative Solutions as soon as possible.

Actions Log

The following Actions were discussed:

Action 1

The Chair confirmed that Action 1 had been closed, following correspondence between Workgroup members.

Action 8

The Chair confirmed that Action 8 will remain open until the revised Terms of Reference have been presented at the January CUSC Panel.

Action 10

The Proposer and Workgroup members discussed their review of DCP464, the consensus was that it should be monitored for consistency rather than treated as directly relevant to CMP460.

Action 16

The Proposer discussed their review of DCP392, stating that they had circulated their findings to the Workgroup and no further action was necessary.

Action 19

The Proposer summarised their review of CMP417, noting that that the concept of maximum demand capability is similar but not identical to TEC for import, with a Workgroup member who is also on the CMP417 Workgroup providing further clarification.

Retrospectivity

The Proposer summarised his view of retrospectivity and its relevance to CMP460. They identified three categories for retrospective application of CMP460: (1) already connected Users (no change to charges); (2) contracted but not yet connected Users (contracts would be updated to reflect CMP460 outcomes); and (3) Users requesting changes after implementation (charges updated per new rules).

The Proposer highlighted that contracted Users who have taken financial investment decisions may face significant risk if their contracts are updated. They suggested two possible approaches for charging assets when changes occur, either only charge new assets under the new methodology, or charge all assets based on current values when a change is made. They suggested that the latter would be more consistent with existing principles.

A Workgroup member noted that retrospectivity and implementation could be tailored to each solution option, rather than applying a generic rule, as impacts differ depending on whether charges are added or removed. Another Workgroup member noted a query they had raised to NESO in 2024 on their approach to grid parks, where a sole user pays for the remaining asset life minus years already paid. They confirmed that this was not a formal NESO policy. The Proposer responded that CMP460 aims to provide clear policy direction for such cases.

A Workgroup member asked how long DNOs would be protected from new charges and the implications for cost reflectivity if indefinite grandfathering is allowed. Another Workgroup member asked for clarity on definitions, with the Proposer confirming that all embedded projects will be in scope under CMP460. The Proposer also clarified that any changes to TNUoS would take effect from the start of the next financial year, likely April 2027.

Data request

The Proposer summarised the data request, providing a breakdown of planned SGTs (Super Grid Transformers) by customer type e.g. directly connected vs DNO and by site type e.g. connection vs infrastructure, which will help estimate the cost impact of different CMP460 options.

The NGET Workgroup member noted that the data is based on National Grid's internal view, not on specific connection applications, and may change due to connection reform and the progression commitment fee. The Workgroup agreed that while the data is imperfect, it provides a starting point for impact assessment, acknowledging challenges due to ongoing connection reform.

The Proposer confirmed that they will use the data to estimate the impact on TNUoS, especially for Option 1, and will include assumptions and caveats. They will provide example impacts for different site types rather than a full DNO-by-DNO analysis. The Ofgem representative stressed the importance of including consumer impact analysis, not just connectee impacts, in any assessment. A Workgroup member suggested distinguishing SGT triggered by generation vs demand, as this affects long-term consumer benefit and cost allocation. The Workgroup agreed DNOs are best placed to assess consumer impacts in their areas, with Workgroup members offering to support with additional data if needed.

DCP392 review

The Proposer reviewed DCP392, to understand why Ofgem rejected it and to avoid similar pitfalls with CMP460. They noted that Ofgem rejected DCP392 because it was seen as unfair, creating obligations or charges for parties not covered by the relevant codes. They concluded that CMP460 does not have the same issue, as it only passes charges to parties within the CUSC, leaving further pass-through to other code modifications or user agreements. Workgroup members added that DCP392's rejection was also due to concerns about cost apportionment and socialising costs through DCUSA, and that it tried to spread costs to DNOs for works triggered by transmission connections, which was deemed unfair. The Workgroup agreed that issues with DCP392 do not affect the approach taken in CMP460.

Proposer's preferred solution

The Proposer summarised the three possible solutions considered in CMP460, confirming that Option 1 is their preferred solution.

Option 1

Option 1 proposes that any transmission asset that can be shared now or in the future is classified as infrastructure and socialised, while assets for sole use are treated as connection

assets and charged to the triggering User. The Workgroup noted that clear Legal Text changes to CUSC are required to transparently define "shareable" assets and the criteria for sole use. The Proposer explained that directly connected demand Users triggering assets for their sole use would pay for those assets, while DNOs are generally considered to benefit multiple Users, so their assets are usually socialised.

A Workgroup member raised concerns about consistency, arguing that DNOs and directly connected users should be treated the same if they are the sole beneficiaries of an asset, to ensure cost reflectivity. Another Workgroup member flagged the need for careful legal drafting to define "full capacity" and "shareability," as practical use may not match asset capacity exactly. The Workgroup discussed how to handle cases where a DNO GSP serves only one customer, suggesting that in such cases, costs might be passed through, aligning with similar options in DCP461.

A Workgroup member highlighted real-world scenarios where a DNO GSP might have only one customer and raised questions about hybrid sites with both import and export, suggesting proportional cost allocation may be needed. Workgroup members warned against creating incentives for users to game the system by choosing DNO connections to avoid charges, stressing the need for rules that prevent inefficient outcomes.

The Proposer clarified that Option 1 would not change user commitment or securities methodology, as assets classified as infrastructure or connection would follow existing security arrangements.

Option 2

Option 2 treats all local reinforcement triggered by Users as connection assets, with the full cost charged to the triggering user (DNO, demand, or generation), rather than socialised. The Workgroup discussed the need for a refund or rebate mechanism (similar to second comer charges in distribution) so that if a second User later benefits from the assets, the original User can be compensated. A Workgroup member noted that unlike distribution where charges are paid upfront, transmission connection charges are typically annualised, making refunds or cost apportionment more complex to administer. This could require changes to the charging approach if Option 2 is adopted.

The Workgroup noted that under Option 2, tertiary Users connecting later would likely need to contribute to the cost of existing assets, potentially through a rebate to the DNO. The specifics would depend on whether a rebate methodology is implemented. The Proposer and a Workgroup member clarified that "user" in this context could be a DNO, demand, or generation user, and that DNOs would decide how to recover these costs from their customers. A Workgroup member

noted that if tertiary Users must pay a share of costs, it could reduce the attractiveness of tertiary connections, but the option would still exist for those seeking quicker or more flexible connections.

Option 3

Option 3 is similar to Option 2 but charges Users for connection assets based on their proportional use(capacity-based), rather than the full cost to the triggering user. The Workgroup noted that implementing Option 3 would require a robust method for DNOs and demand Users to declare a "maximum demand capability" (akin to TEC for generation) and discussed the challenges of updating this value over time. A Workgroup member noted that equipment comes in discrete sizes, so proportional charging should reflect the sum of User capacities, not just minimum asset size, to avoid unfairly charging consumers for unused capacity.

The Workgroup discussed how to handle situations where the requirements of a User change e.g. load growth or reduction, questioning whether charges should be reallocated and how to avoid penalising Users who did not trigger upgrades. The Proposer suggested that tertiary Users would contribute proportionally to all shared assets, and that when new Users connect, their payments would effectively reimburse the socialised costs previously covered by TNUoS. The Workgroup recognised that proportional charging would require complex administration, including rules for refunds if Users terminate or if new users join, and questioned whether new legislation (like a transmission equivalent of the CCR) would be needed.

Proposer's preferred solution – Option 1

The Proposer confirmed that Option 1 is their preferred solution, as it aligns charging principles between transmission and distribution, treats all GSPs consistently, and classifies assets as infrastructure if they are or could be shared, with only sole-use assets treated as connection assets. They noted that Option 1 is neutral on cost reflectivity, as it does not improve the proportionality of local substation charges, and flagged the difficulty of being fully cost-reflective for DNO-triggered transmission assets due to the mix of demand and generation. A Workgroup member suggested that Option 1 would reduce cost reflectivity by removing local asset charges for Users and suggested that unless a substitute (such as a local transmission charge) is introduced, it risks creating a subsidy and a vacuum in cost signals.

Another Workgroup member sked if shifting costs to TNUoS could risk Ofgem refusing funding for expensive schemes, potentially impacting customers who have reached financial investment decisions. They noted the need for a legislative equivalent to ECCR if refunds are involved. A Workgroup member highlighted that customers seek certainty, but Option 1 could undermine cost reflectivity and the principle of beneficiaries paying, leading to consumers subsidising costs they did not trigger.

Another Workgroup member suggested that Option 1 could incentivise generators to seek distribution connections to avoid TNUoS, creating a competition concern unless TNUoS methodology is reformed. The Proposer responded that Option 1 actually aligns transmission and distribution treatment, and commercial differences remain. A Workgroup member added that market distortions already exist, especially with grid parks, and Option 1 may improve alignment.

The Workgroup discussed the impact of ongoing Ofgem transmission charging reform, noting that the review is ongoing and while Ofgem may pause transmission modifications, work on CMP460 should continue until further guidance is issued. A Workgroup member clarified that connection asset ownership remains with the transmission operator, and grid parks or multi-node substations can be efficient solutions to avoid costly distribution upgrades. The Proposer noted that Option 1 may require transmission owners to reopen their business plans if assets shift from connection to infrastructure, but mechanisms may exist to recover costs without reopening. They also noted that Option 1 removes some cost signals for smart solutions, but time signals and Ofgem's investment approval still incentivise efficiency. Option 2, by contrast, may discourage anticipatory investment.

Next Steps

The Chair explained the Alternative Request process and encouraged Workgroup members to submit any Alternative Requests as soon as possible, noting a tight deadline before the next Workgroup meeting. They will share an Alternative Request template with the Workgroup.

The Chair outlined the agenda for the next Workgroup on 15 January 2026 as a discussion of any alternatives, a deeper review of Option 1, and possibly starting Legal Text drafting for Option 1. They clarified that draft Legal Text is preferred but not required for the Workgroup Consultation deadline. A Workgroup member indicated that they are likely to submit an Alternative Request.

Actions

For the full action log, click here.

Action Number	Workgroup Raised	Owner	Action	Due by	Status
1	WG1	MPS	Clarify with NGET how Grid Park assets are classified (Connection vs Infrastructure Assets).	WG3	Closed
8	WG1	JR	Amend Terms of Reference b) and f) and take back to CUSC Panel.	WG2	Open

10	WG2	JC	Review DCP 464 for relevance and report back to the next Workgroup.	WG3	Closed
11	WG2	BH	Provide an update on DCP 461 and report back to the next Workgroup. Provide an update to the Workgroup in January on the options being taken forward by DCP 461	WG3	Closed
12	WG2	JC	Update the worked example slides, including colour adjustments and clarifications, and circulate them for review.	WG3	Closed
14	WG2	JC/AH	Review potential changes to Legal Text with legal team (possibly Section 3 or 11).	WG3	Open
16	WG2	JC	Review DCP392.	WG3	Closed
17	WG2	All	Comment on the retrospectivity slide before the next meeting.	WG3	Closed
18	WG3	JR	Circulate the response to Action 1 to all Workgroup members.	WG4	Closed
19	WG3	JC	Review CMP417 for the introduction of a TEC equivalent for final demand and report findings to the Workgroup.	WG4	Open
20	WG3	JC	Update the worked example slides with additional labels, glossary entries, numbering, and a content page, and circulate the revised slides to the group.	WG4	Closed
21	WG4	NZ	Review DNO offers and provide high level consumer impact analysis.	WG5	Open
22	WG4	LS	Check the status of transmission charging reform work.	WG5	Open
23	WG4	JC	Provide data for an impact assessment of Option 1 and seek feedback on assumptions.	WG5	Open

24	WG4	JC	Update worked examples.	WG5	Open

Attendees

Name	Initial	Company	Role
Jess Rivalland	JR	NESO	Chair
Matthew Larreta	ML	NESO	Technical Secretary
Joe Colebrook	JC	Innova Capital Ltd	Proposer
Alex Curtis	AC	NESO	Observer
Alex Pentecost	AP	Eclipse Power Solutions	Workgroup Member Alternate
Brian Hoy	BH	SP Electricity North West	Workgroup Member
Charles Deacon	CD	Eclipse Power Solutions	Workgroup Member
Claire Hynes	CH	RWE	Workgroup Member
Damian Clough	DC	SSE Generation	Workgroup Member
Dimitrios Terzis	DT	SSEN Transmission	Workgroup Member
Drew Johnstone	DJ	Northern Power Grid	Workgroup Member
Ed Birkett	EB	Low Carbon	Workgroup Member
Grahame Neale	GN	LightsourceBP	Workgroup Member
Hector Perez	HP	ScottishPower Renewables	Workgroup Member
Jack Purchase	JP	NGED	Workgroup Member
James Stone	JS	Ofgem	Authority Representative
Jonathan Oguntona	JO	BayWa r.e. UK Limited	Observer
Kyran Hanks	KH	Waters Wye Associates	Observer
Leon Stafford	LS	UKPN	Observer
Liam Sweeney	LS	Ofgem	Authority Representative
Lina Apostoli	LA	ESB	Workgroup Member
Mark O'Connor	MO	EDF Power Solutions	Workgroup Member

Matthew Paige-Stimson	MPS	NGET	Workgroup Member
Meghan Hughes	MH	SSEN Transmission	Workgroup Member
Natalija Zaiceva	NZ	UKPN	Observer
Patrick O'Mahony	PO	Ørsted	Observer
Paul Mott	PM	NESO	NESO Representative
Philip Bale	PB	Roadnight Taylor	Observer
Will Bowen	WB	UKPN	Observer