Public

CMP414 ‘CMP330/CMP374 Consequential Modification’

Workgroup 6 – 02 February 2026

Online Meeting via Teams

NESO
National Energy System Operator

WELCOME

Agenda

#	Topics to be discussed	Lead
1.	Welcome	Chair
2.	Objectives and Timeline	Chair
3.	Terms of Reference	Chair
4.	Further Ofgem Clarity on CMP414 Send-Back Issues	Ofgem
5.	Energiekontor cost benefit analysis and Impact analysis methodology statement	Lambert Kleinjans
6.	Transmission asset charging considerations for CMP414: CMP330/CMP374 consequential modification.	Jonathan Oguntona
7.	Send Back issues - Actions Log update	Proposer
8.	Draft risk register template	Proposer
9.	Any Other Business	Chair
10.	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

Timeline

Amended Timeline for CMP414 as of 21 January 2025

Workgroups	
CMP414 Code Administrator Consultation	*01 June 2023 – 29 June 2023*
CMP414 Draft Final Modification Report to Panel	*20 July 2023*
CMP414 Final Modification to Ofgem	*10 August 2023*
Authority Send Back	*08 July 2024*
CMP414 Workgroup 1	*17 February 2025*
CMP414 Workgroup 2	*20 October 2025*
CMP414 Workgroup 3	*17 November 2025*
CMP414 Workgroup 4	*11 December 2025*
CMP414 Workgroup 5	*12 January 2026*
CMP414 Workgroup 6	02 February 2026
CMP414 Workgroup 7	16 February 2026
CMP414 Workgroup 8	02 March 2026
CMP414 Workgroup Consultation	06 March 2026 – 27 March 2026
CMP414 Workgroup 9	13 April 2026
CMP414 Workgroup 10	30 April 2026
CMP414 Workgroup 11	21 May 2026
CMP414 Workgroup Report to Panel	18 June 2026
Post Workgroups	
CMP414 2nd Code Administrator Consultation	29 June 2026 – 20 July 2026
CMP414 2nd Draft Final Modification Report to Panel	20 August 2026
CMP414 2nd Final Modification to Ofgem	10 September 2026
CMP414 Implementation Date	TBC

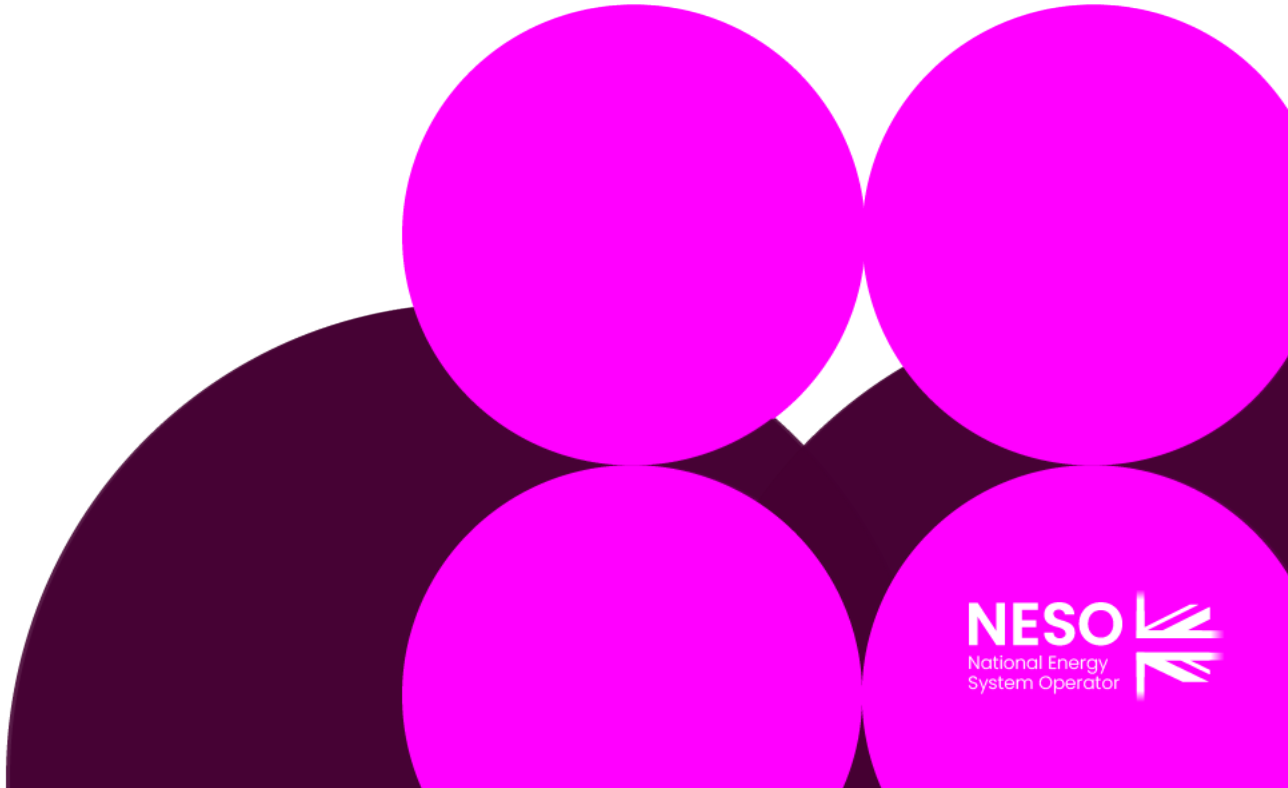
Terms of Reference

CMP414 Workgroup Term of Reference
a) Consider EBR implications
b) Provide clarity on potential and proposed benefits, in particular: • Financial benefits • Time saving benefits
c) Provide clarity on, and mitigation of, the risks in relation to Sub-Standard Assets and when Assets are shared
d) Provide clarity on Charging and the interaction with the existing charging regime.
e) Provide clarity on the impact on any Anticipatory Investment(s), including clarity on, and mitigation of any risks.
f) Provide clarity of true intent of proposal, given various instances of misalignment of STC and CUSC.
g) Provide clear analysis of TO- Contracted Users Incentives in terms of quality of build.

Further Ofgem Clarity on CMP414 Send-Back Issues

(Actions 3, 6.5 and 11)

Kingsley Emeana – Ofgem



Further Ofgem Clarity on CMP414 Send-Back Issues

1. **Time and Financial benefits of the infrastructure assets:** We expect to see clear, comparable metrics that demonstrate the proposal's impact relative to current arrangements. This should include indicative delivery timelines, estimated cost per MW, and lifecycle costs. Where empirical evidence is not available, please ensure that any assumptions are stated transparently and are supported by a clear rationale.

2. **Clarity on Incentives:** We want to see identified gaps in Price controls for TOs and Users licences where users have no equivalent incentives as the TOs. An impact assessment showing how the proposal could affect asset build quality, and timeliness if users lack similar incentives like the TOs. Include quantitative and qualitative analysis of risk and benefits where possible, and the risk would be mitigated.

3. **Sub-standard assets:** We want to see thoughts around what happens if assets fail to meet required standards. Who bears the costs if the TOs need to step in. What is the risk for stranded assts if TOs refuse adoption after construction. Define reimbursement clauses for intervention and stranded assets and who bears the costs under different scenarios. How will TOs monitor asset quality, the frequency, scope and the escalation process. Develop a contingency plan for adoption of refusal.

4. **Charging considerations**: We want to see thoughts where the proposal intersects with existing charging methodologies and clarity if intervention costs fall under TO, User or consumer charges. Empirical evidence on potential cost exposures for consumers under the current arrangements. `

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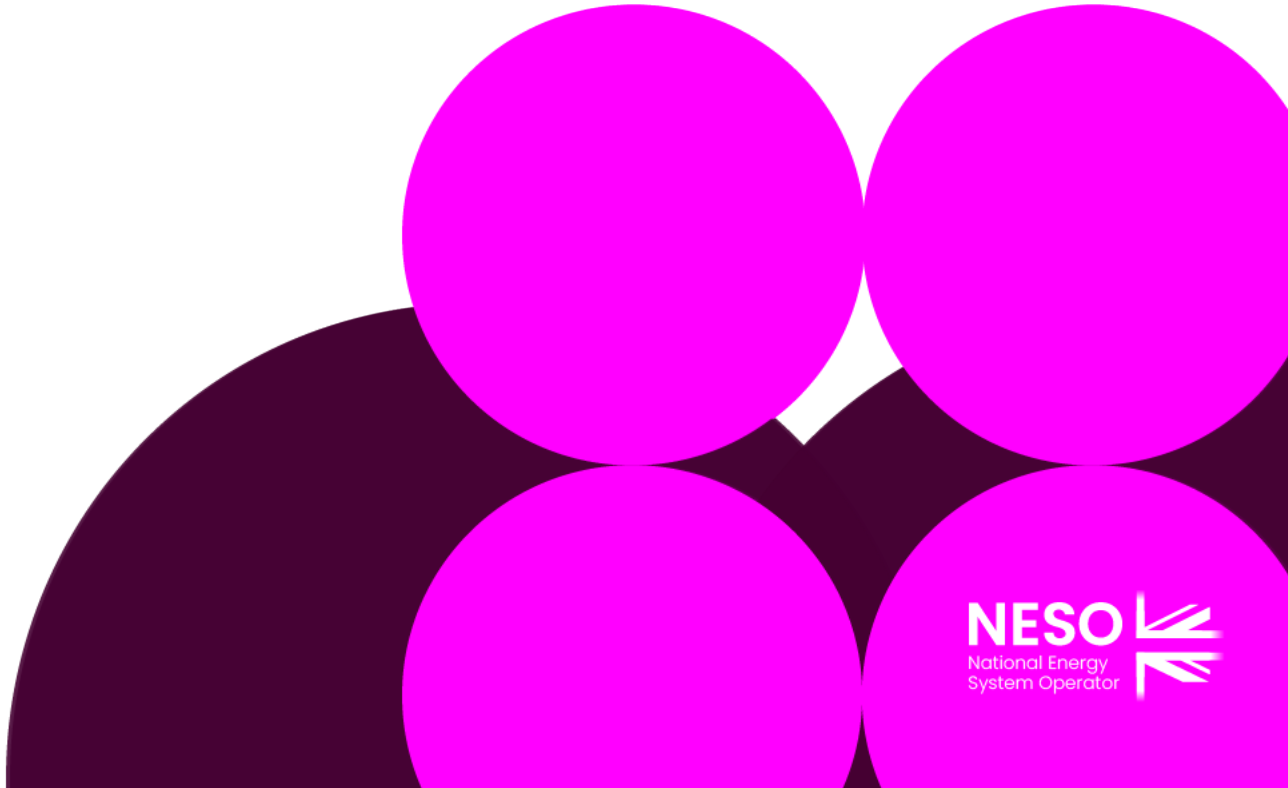
Energiekontor cost benefit analysis and Impact analysis methodology statement

(Action 6)

Lambert Kleinjans– Energiekontor



Grid Offer Summary - EK Portfolio - Forecast Impact of CMP330 for Transmision Connected Sites

Forecast saving from contestable connections	15%
Load Factor	30%
Strike Price (£/MWh)	65
Discount rate	10%

								CMP330 impact				
Site	*MW*	*Current Status*	*Grid Offer Received*	*Total cost in offer (capital contributions)*	*One-off works*	*Other liability (TORI)*	*Connection date*	*Cash saving at % above*	*Estimated CFD impact reduction*	*Date impact (years)*	*Gross Income (£pa)*	*Gross income NPV*
Project 1	92.0	Planning Application Submitted	Yes	£ 722,227.00	£ 348,475.00	£ 160,110.00	30/09/2031	£ 184,622	£ 0.04	2	£ 15,715,440	£ 2,727,473
Project 2	50.0	Planning Application Submitted	Yes	£ 8,119,656.00	£ 39,656.00	£ 32,577.67	31/10/2036	£ 1,228,783	£ 0.47	2	£ 8,541,000	£ 1,482,322
Project 3	99.0	Planning Application Submitted	Yes	£ 8,589,319.00	£ 764,043.00	£ 1,569,343.40	Stage 1: 31/10/2031 Stage 2: 31/12/2036	£ 1,638,406	£ 0.31	2	£ 16,911,180	£ 2,934,998
Project 4	50.0	Planning Application Submitted	Yes	£ 8,907,793.00	£ 39,659.00	£ 30,528.00	31/10/2036	£ 1,346,697	£ 0.51	2	£ 8,541,000	£ 1,482,322
Project 5	46.0	Permitted	Yes	£ 17,215,860.00			31/10/2028	£ 2,582,379	£ 1.07	0	£ 7,857,720	£ -
Project 6	50.0	Permitted	Yes	£ 928,510.80			31/10/2029	£ 139,277	£ 0.05	0	£ 8,541,000	£ -
Project 7	50.0	Permitted	Yes	£ 6,279,504.00	£ 37,115.00		31/10/2031	£ 947,493	£ 0.36	2	£ 8,541,000	£ 1,482,322
Project 8	50.0	Permitted	Yes	£ 952,503.00			31/10/2029	£ 142,875	£ 0.05	0	£ 8,541,000	£ -
Project 9	50.0	Permitted	Yes	£ 8,381,487.33		£ 2,344.77	31/10/2029	£ 1,257,575	£ 0.48	0	£ 8,541,000	£ -
Project 10	72.6	Planning Application Submitted	Yes				31/10/2029	£ -	£ -	0	£ 12,401,532	£ -
Project 11	85.8	Permitted	Yes	£ 16,197,243.21			31/10/2029	£ 2,429,586	£ 0.54	0	£ 14,656,356	£ -
Total	695.4							£ 11,897,693				£ 10,109,438

Saving due to lower costs	£ 11,897,693
Saving due to early energisation	£ 10,109,438
Total Saving	**£ 22,007,131**

Impact Analysis Methodology Statement

Energiekontor has assessed the impact of enabling contestability at transmission by estimating the impact of the change proposal against a portfolio of projects which are currently being developed for connection in Scotland.

Energiekontor has quantified two savings that result from the introduction of contestability as follows:

Reduced construction cost

The total construction cost for each site has been summed by site. Energiekontor forecasts a saving of around 15% is achievable and this has been estimated from savings observed when connecting 132kV sites in England and Wales and distribution sites in Scotland. Based on the 11 projects in the impact analysis and a total construction cost of £79m, this results in a saving of c£11.9m.

The impact analysis has also taken the capital saving for each project and divided it by the estimated export over 20 years for each project to derive the £/MWh saving. This gives an indication of the actual saving on a CfD submission and therefore the potential saving to consumers.

Enabling quicker connections

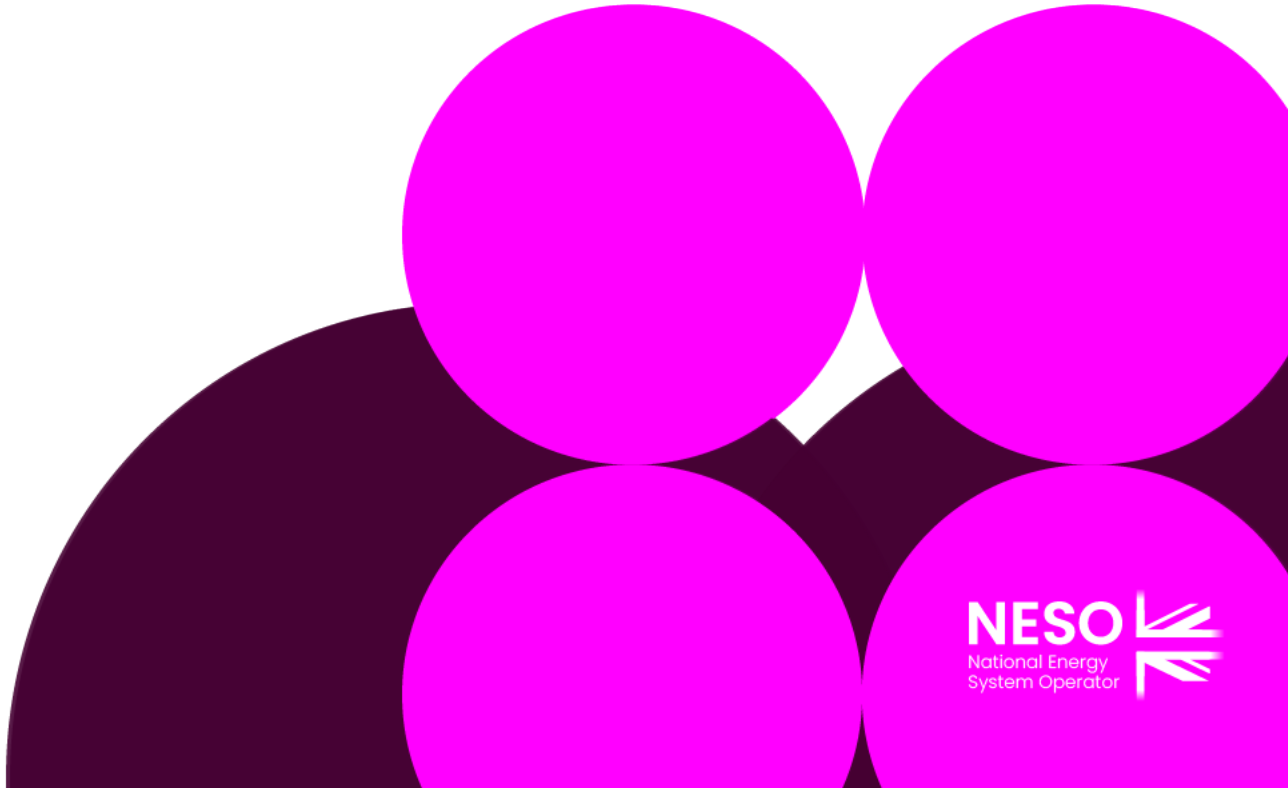
Energiekontor has identified that five of the eleven projects could connect 2 years earlier if a contestable approach was used. The time saving is based upon Energiekontor's experience of connecting 132kV network sites in England and Wales and distribution sites in Scotland.

For each site that has been identified as having a potential accelerated construction timeline, the gross annual income has been derived, based on a load factor of 30% and strike price of £65/MWh. This value has been used to determine the change in the NPV of the project using a discount rate of 10% over two years. Across the five sites, this shows a saving of £10.1m.

Transmission asset charging considerations for CMP414: CMP330/CMP374 consequential modification.

(Action 8)

Jonathon Oguntona – BayWa r.e.



BayWa r.e.

r.e.think energy

Transmission asset charging considerations for CMP414: CMP330/CMP374 consequential modification.

Jonathan Oguntona
BayWa UK Grid Connection Manager
January 2026

Existing Charging Regulations - CUSC 14

14.2.5 In general, connection assets are defined as those assets solely required to connect an individual User to the National Electricity Transmission System, which are not and would not normally be used by any other connected party (i.e. "single user assets"). For the purposes of this Statement, all connection assets at a given location shall together form a connection site.

14.2.6 Connection assets are defined as all those single user assets which:

a) for Double Busbar type connections, are those single user assets connecting the User's assets and the first transmission licensee owned substation, up to and including the Double Busbar Bay;

b) for teed or mesh connections, are those single user assets from the User's assets up to, but not including, the HV disconnector or the equivalent point of isolation;

c) for cable and overhead lines at a transmission voltage, are those single user connection circuits connected at a transmission voltage equal to or less than 2km in length that are not potentially shareable.

14.2.7 Shared assets at a banked connection arrangement will not normally be classed as connection assets except where both legs of the banking are single user assets under the same Bilateral Connection Agreement.

14.2.8 Where customer choice influences the application of standard rules to the connection boundary, affected assets will be classed as connection assets. For example, in England & Wales NGET does not normally own busbars below 275kV, where The Company and the customer agree that NGET will own the busbars at a low voltage substation, the assets at that substation will be classed as connection assets and will not automatically be transferred into infrastructure.

Any other transmission works are classed as Infrastructure Works (although a specific definition is not provided) or One – Off Works.

CMP414 Context

Amongst other changes CMP414 proposes to:

*"…create a new term '**Contestable Asset**' to include Transmission Connection Assets and infrastructure assets, to replace the existing Contestability provisions for 'Connection Assets'. It proposes that Contestable Assets (as newly defined) can be procured and/or constructed by a User."*

This change, if taken forward, will allow Users to undertake transmission works but is ***not*** seeking to change the applicable charging methodology set out in CUSC. I.e., expanding who can do the work but how it is paid for is out of scope.

This presentation seeks to detail out the charging implications for Users and transmission network owners if contestability as set out in the CMP414 proposal is to be taken forward.

1. User as Contractor

In the few known cases of User's delivering transmission works the contractual arrangement has seen the User being appointed in place of the transmission owner's contractor. Note that in these cases, the scope has been exclusively limited to TCA Works and not Infrastructure Works.

The basic arrangement has been as follows:

- User appointed as contractor, cost and scope agreed with transmission owner.
- User paid to deliver works, in a manner similar to the transmission owner's framework contractor.
- Transmission owner, via NESO, invoices User for TCA Works.

It is assumed that the approach above would be retained with the scope extended to include Infrastructure Works.

- User appointed as contractor, cost and scope agreed.
- User paid to deliver works, in a manner similar to the transmission owner's framework contractor.
- Transmission owner, via NESO, invoices User for TCA Works only and cost for Infrastructure Works is recovered via TNUoS as normal.

The direct, short-term cost to the User could be significant and should be taken into account. Othe related issues, like credit worthiness, provision of bonds etc. need to be examined.

A streamlined process dedicated to contestability should be developed, bearing in mind that the User will not be embedded in the transmission owner's internal procedures.

2. User Commitment

Noting the approach set out in the previous slide regarding the few existing examples of “contestability”, the view from NESO in these situations has been that the User must continue to provide the specified security to underwrite the transmission owner’s delivery risk even for those assets being procured, installed and commissioned by the User.

The explanation has been that the process risk under the BCA contract is no different from the transmission owner’s perspective, it just so happens that the User is also the nominated Contractor.

Coupled with the costs set out in the previous slide, this constitutes a significant burden to the User.

3. Multiple Users

Multiple Users relying on the same set of transmission upgrade works:

- If there is a significant difference in the energisation date of the Users concerned;
  - and the first User elects to take the responsibility of delivering of the “contestable” component of those works,
  - and the scope includes assets that were classed as TCA Works, but which become infrastructure assets, because more than 1 User directly benefits from them in their connection to the NETS,

  this can be seen as an unfair benefit to the second / subsequent User(s) at the expense of the first User. This is not a new issue but will be highlighted by contestability.
- If multiple Users have similar energisation dates, how will charging be managed if they don’t agree on an approach to contestability?

3. One – Off Works

NESO will need to give further thought to how the scope and cost allocation of One – Off Works will be handled.

It would seem reasonable for that to remain a “non – contestable” item.

For the most typical types of One – Off Works (overload protection schemes), it is plausible for the current approach, where the cost is largely split directly between affected Users, to be retained.

4. Use of System Charges

In scenarios where a User is undertaking contestable transmission works, NESO will need to be clear on how this impacts (if at all) the calculation of Local Circuit Tariffs and Local Substation Tariffs.

Conclusion

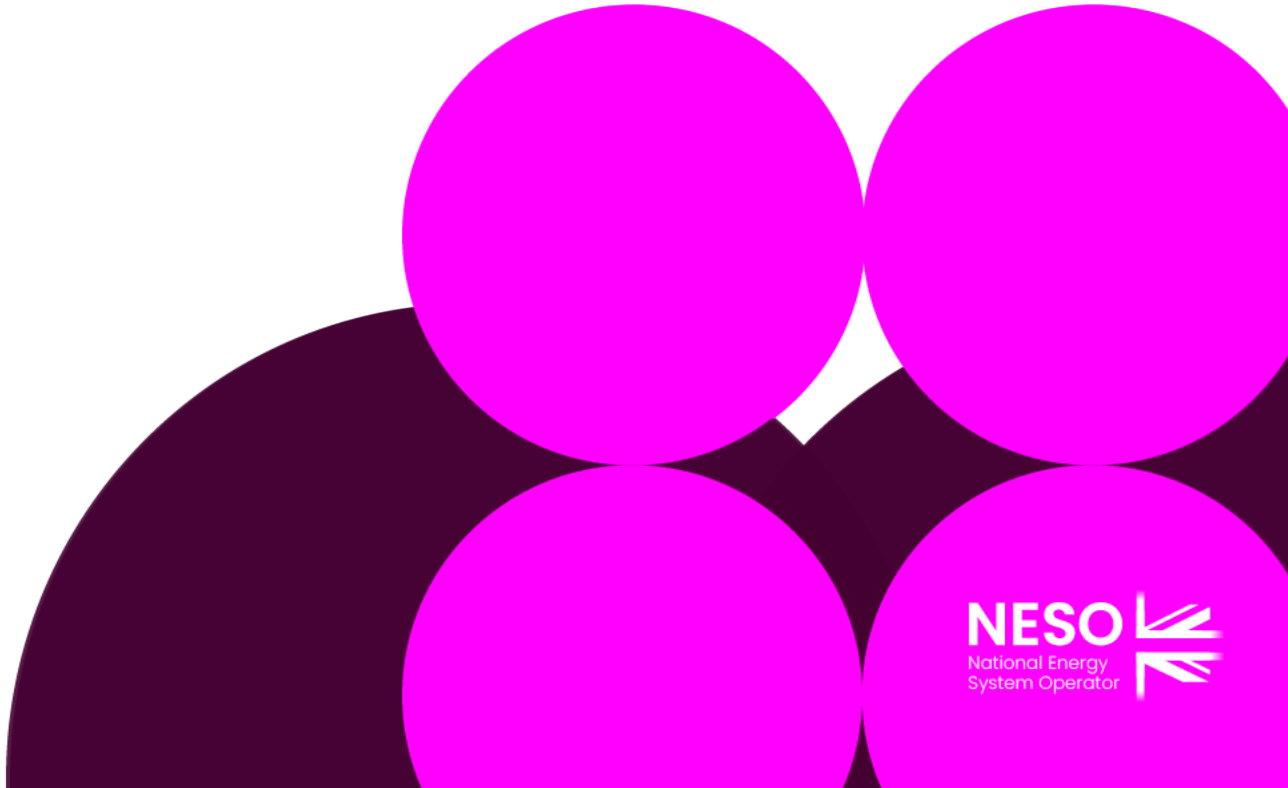
All aspects of charging need to be reviewed in light of the implementation of this modification to ensure there is clarity on the resulting impact on methodology.

In my view, a consequential modification focused on implementation may not required, as the bulk of the issues raised are likely to be procedural in nature and within NESO's statutory powers to address.

However, it might be that a consequential modification makes sense when the interrelated issues under investigation by the CMP460 workgroup (and the DCP461) and this one are taken in the round.

Send Back issues – Actions Log update

Neil Dewar – NESO



CMP414 – Action Update

Action	WG Raised	Owner	Action	Update
3	WG1	RW	Ofgem to provide clarity on lack of analysis around incentives meaning	Closed – Kingsley provided to RW
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	Closed - AP provided to WG in anonymised fashion
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.	ND / DR met with Eirgrid 15th January – they are looking into whether there is any quantative and qualitative analysis in Ireland to support evidence case – ongoing as of 28th Jan
6.2	WG3	ND/AP MPS	Review available ENA data and independent analysis on financial and time-saving benefits.	Meeting held with SSEN;SPEN and Greencat Renewables 21st Jan – All investigating whether they have analysis to support contestable works
6.4	WG3	ND and 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.	• ND/DR presented to Scottish Renewables in Dec to request evidence – none provided so far. • ND to check with Ofgem to see if any evidence has been passed on a confidential basis • ND/DR to check with Scottish Renewables wc 5 Jan to see if any progress • ND /DR have a meeting with Renewables UK to discuss ask on 7 Jan

NESO National Energy System Operator

Action Update

Action	WG Raised	Owner	Action	Update
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	Ongoing
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	A written explanation for England and Wales – closing this element of action. However, ND WG have to investigate do similar for Scottish TO's – Ongoing – emails sent on 30/31 dec
6.7	WG5	AP	Draft a supporting narrative explaining the methodology, assumptions, and context of the Energiekontor Cost Benefit Analysis, and to circulate both the spreadsheet and the write-up to for inclusion in the Workgroup Consultation report.	
6.8	WG5	MH/NG	Supply Cost Benefit data to broaden the evidence base, on additional costs and experiences from their respective organisations the Workgroup Consultation report.	

Action Update

Action	WG Raised	Owner	Action	Update
6.9	WG5	KE	To confirm if any developers have been in direct contact with Ofgem regarding contestable connections.	
6.10			Check with SONI (System Operator for Northern Ireland) to see if they could share information or have access to the CBA (Cost Benefit Analysis), as they might use similar contestability criteria as EirGrid and could have relevant data.	
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 protections, with input from the WorkGroup	Discussed at Jan 12 WG meeting
8	WG3	JO	Provide a summary of charging considerations and potential issues for contestable assets, especially regarding shared infrastructure and capital contributions	Ongoing

Action Update

Action	WG Raised	Owner	Action	Update
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	Ongoing - ND to set up call with WG members in Feb – Discuss at WG
10	WG3	ND/MPS	Review and align legal text between the CUSC and STC modifications, ensuring consistency in compensation and intervention clauses	• ND/ MPS had call with Steve Baker (SB) from NESO on how to deal with legal text discrepancies. • ND/SB to cross reference CUSC / STC legal texts and identify areas on 9 Dec • On review – no major issues have been identified • With NESO legal team for review – confirm position ahead of next WG
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	

Action Update

Action	WG Raised	Owner	Action	Update
13	WG 4	ND	Check with SONI (System Operator for Northern Ireland) to see if they could share information or have access to the CBA (Cost Benefit Analysis), as they might use similar contestability criteria as EirGrid and could have relevant data	DR sent email to SONI on 15 Dec – awaiting response 5 Jan
14	WG 4	RH	Circulate MPS written summary to the Workgroup in closing Action 6.3, and for the England and Wales element of Action 6.6	Complete

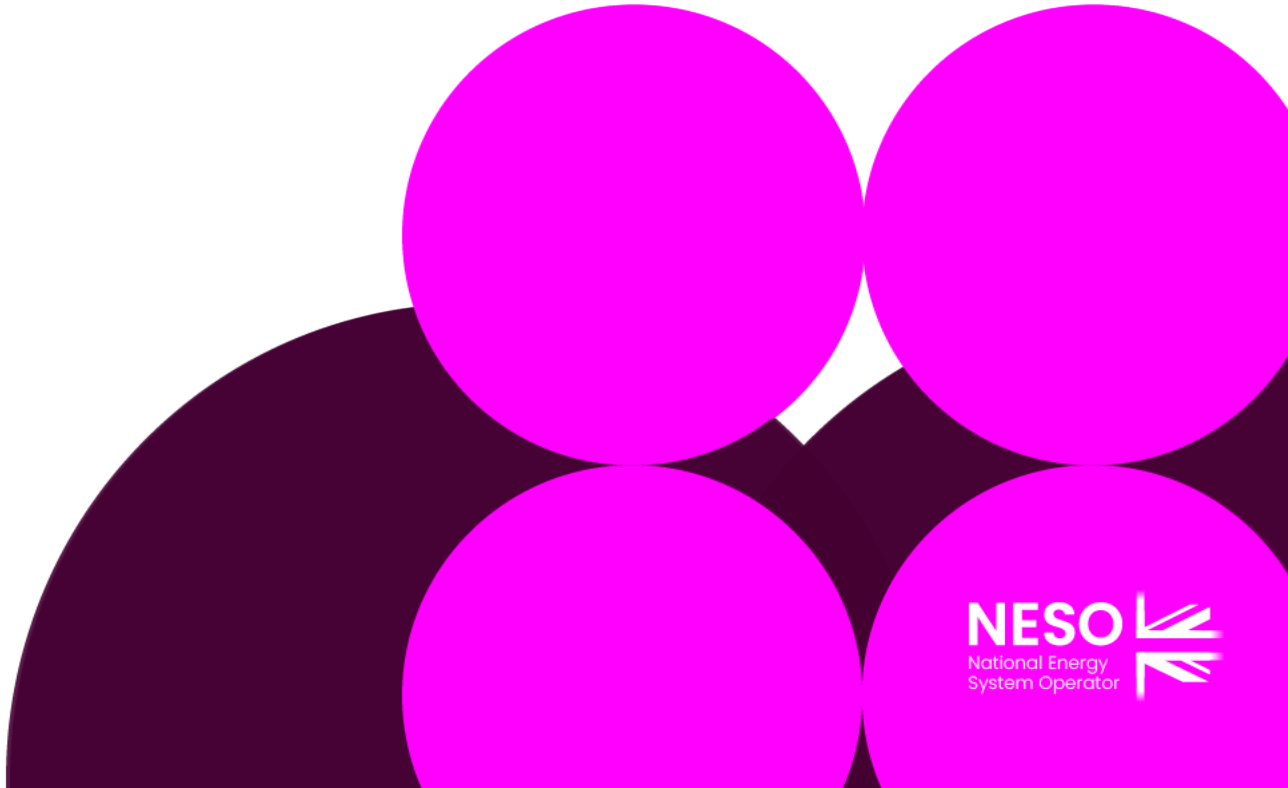
Lack of clarity on risks of Sub-standard assets

Risk	Mitigation	Like-lihood (H/M/L)	Impact (H/M/L)
Do we have shared contestable assets in GB? Risk of TO taking over shared assets. What happens? Many examples of single use to shared ownership in Scotland	How mitigate? Codify? More than CUSC? Distribution level? Ways of making best use of sub-station. Relates to anticipatory investment. Build into BCA offer. Understanding how TO's forecast will feed into contestable works	M-H	M-H Depends on when, connections reform issue
Level of interactions with licensing, – affects feasibility. Contestable works contravene electrical/procurement standards, intentional or not?	Legal text alignment. Industry consultation. If no future foreseen shared of the asset, would not go down the contestable route-legal text covering intervention criteria	L	H
Managing shared use in the sub-station is difficult – risk of inefficiency, prolongs programme	Clearer delineation between developer and DNO work. Developer view? Classification may not be the problem, more of a technical issue as to how the different parties work together – careful project management is needed to resolve this	H	L
Risk of stranded assets – does this happen/how often?	SP/SSE no experience. Approved contractor process, meet standards –simplicity and more certainty. Missing link is lack of codification – purpose of the mod. Level of Ofgem assurance?	L	H

Draft risk register template

Any Other Business

Robert Hughes – Workgroup Chair



Next Steps

Robert Hughes – Workgroup Chair