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Code Administrator Meeting

Summary

Workgroup Meeting 6: CMP414 - CMP330/CMP374 Consequential Modification

Date: 02/02/26

Contact Details

Chair: Robert Hughes, robert.hughes3@neso.energy

Proposer: Neil Dewar, neil.dewar@neso.energy

Key areas of discussion

This meeting focused on a complete review of open actions with updates.

Objectives and Timeline

The Chair shared that the original dates for Workgroup Consultation at the end of January had passed which had prompted a revision of the timeline. The Chair clarified that the Workgroup Consultation has now been scheduled to take place in March to allow more time for the Workgroup to generate more evidence in response to the Authority Send Back letter. The Chair emphasised that the September 2026 submission of the Final Modification Report to Ofgem remains unchanged.

Further Ofgem Clarity on CMP414 Send-Back Issues

Ofgem presented clarifications regarding expectations for the CMP414 send-back response, focusing on metrics for benefits, incentives, substandard assets, and charging, with discussion from Workgroup.

Ofgem Clarification Points: Ofgem clarified expectations for the send-back response, including the need for clear, comparable metrics on time and financial benefits, identification of incentive gaps for Transmission Owners and Users, risk assessment for substandard assets, and clarity on charging methodologies and cost exposures.

Evidence and Existing Processes: The Workgroup noted that many concerns about substandard assets and adoption are already addressed in existing distribution processes, suggesting that relevant procedures and evidence from distribution could be adapted for transmission.

Legal Text and Incentives Discussion: The Workgroup raised questions about whether additional Legal text or License changes are needed to address incentives and asset quality, Ofgem agreed to seek further clarification on these points for the next meeting.

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Energiekontor cost benefit analysis and Impact analysis methodology statement

Energiekontor presented an anonymised Cost Benefit Analysis of real contestable transmission projects, detailing construction cost savings, accelerated connections, and the methodology used.

Cost Savings Quantification: Energiekontor's analysis of 11 projects forecasted an average 15% reduction in construction costs due to contestability, resulting in a total saving of approximately £11.9 million, with the methodology based on observed savings from similar projects in England, Wales, and Scotland.

Accelerated Connection Benefits: The analysis identified that five of the eleven projects could achieve connections up to two years earlier through contestability, with the resulting earlier income and renewable generation quantified as a significant benefit to both developers and consumers.

Discussion of Time Savings and Internal Processes: The Workgroup discussed the sources of time savings, noting that while the same contractors are often used, private developers can act more flexibly and efficiently, reducing delays associated with internal governance and resource constraints within Transmission Owners.

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

Baywa.re presented a paper on charging considerations for contestable transmission assets, prompting discussion with the Workgroup on user as contractor arrangements, User commitment, multi-user scenarios, and the need for clear guidance and Legal text alignment.

User as Contractor and Commitment: Baywa.re explained that when users act as contractors for contestable works, they may face significant short-term costs and be subject to stringent credit and performance requirements, with a Workgroup member confirming that these obligations are typically retained even when the user delivers the works.

Multi-User and Shared Asset Scenarios: The Workgroup discussed scenarios where multiple users are affected by contestable works, raising questions about charging fairness, intervention triggers, and the need for explicit procedures to manage transitions from sole use to shared assets.

Legal Text and Guidance Needs: There was consensus that while some issues could be addressed through guidance notes, others may require explicit Legal text changes or alignment between CUSC and STC, with the Proposer suggesting a dedicated session on Legal text in the next workgroup meeting.

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One-Off Works and Tariff Implications: The Workgroup discussed the treatment of one-off works and the impact on local circuit and substation tariffs. The Proposer agreed to consult internal charging teams and report back on potential implications.

Send Back issues - Actions Log update

The Workgroup reviewed the actions log, confirming closure of several items following recent presentations and clarifications.

The workgroup closed actions 3, 6, 6.5, 6.7, 8 and 11.

Draft risk register template

The workgroup, led by the Chair, reviewed the draft risk register focusing on risks related to shared assets, substandard works, and interactions with Licensing and standards, with input from the Workgroup on likelihood, impact, and mitigation strategies.

Shared Asset Intervention Risk: The Workgroup debated the likelihood and impact of TOs intervening in contestable works that become shared assets, concluding that while the likelihood varies by scenario, the impact can be significant, especially if intervention occurs late in the process.

Substandard Asset and Adoption Risk: The Workgroup agreed that the risk of substandard assets being adopted is low due to robust approval processes, but the impact would be high if it occurred, potentially resulting in stranded assets and delays.

Site Coordination and Overlapping Works: The Workgroup discussed the challenges of managing shared use within substations, noting that overlapping works can prolong project timelines, with the risk considered high in congested areas but mitigable through early planning.

Next steps

The next workgroup meeting is scheduled for Monday 16 February, outstanding actions and evidence and commentary to be submitted ahead of the next meeting to facilitate the drafting and review of the Workgroup Consultation Report.

Actions

Action Number Raised	Workgroup	Owner	Action	Due by	Status
3	WG1	RW	Ofgem to provide clarity on lack of analysis around incentives meaning	WG2	Closed

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6				<u>Lack of clarity on benefits</u>		
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	Closed	
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	Open	
6.2	WG3	ND, AP & MPS	Review available ENA data and independent analysis on financial and time-saving benefits.	WG4	Open	
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	Open	
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	Closed	

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6.6	WG3	MPS, ND	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	Open
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.	WG6	Closed
6.8	WG5	MH & NG	Supply Cost Benefit data to broaden the evidence base, on additional costs and experiences from their respective organisations	WG6	Open
6.9	WG5	KE	To confirm if any developers have been in direct contact with Ofgem regarding contestable connections.	WG6	Open
6.10	WG4	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.	WG5	Closed

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7			<u>Lack of clarity on risks of Sub-standard assets</u>		
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	WG4	Open
7.1	WG6	KE	Provide feedback on whether additional legal text is required to address substandard assets and clarify if this should be included in adoption agreements or elsewhere.	WG7	New
7.2	WG6	KE	Clarify why the regulator's approach to contestability differs between distribution and transmission, referencing previous competition in connections experience.	WG7	New
7.3	WG6	KE	Clarify whether obligations to ensure asset quality in contestable arrangements should be addressed in party Licenses rather than solely in the CUSC.	WG7	New

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8			<u>Lack of Charging considerations</u>		
8	WG3	JO	Provide a summary of charging considerations and potential issues for contestable assets, especially regarding shared infrastructure and capital contributions	WG4	Closed
8.1	WG6	ND	Consult with NESO revenue and charging teams to clarify TNUoS when sole use infrastructure assets become shared after the fact.	WG7	New
8.2	WG6	JO	Request data from Renewable UK and other trade bodies regarding cost escalation seen by developers from the TOs for inclusion in the Workgroup Report.	WG7	New
9			<u>Lack of analysis on Anticipatory Investment</u>		
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	Open

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Item	Group	Lead	Description	Group	Status
10			<u>Misalignment of the STC and CUSC</u>		
10	WG3	ND & MPS	Review and align legal text between the CUSC and STC modifications, ensuring consistency in compensation and intervention clauses	WG4	Open
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	Closed

Attendees

Name	Initial	Company	Role
Robert Hughes	RH	Code Administrator, NESO	Chair
Andrew Hemus	AH	Code Administrator, NESO	Tec Sec
Neil Dewar	ND	NESO	Proposer
Andy Colley	AC	SSE Generation	Workgroup Member Alternate
Dayna Roger	DR	NESO	NESO SME
Dimitrios Terzis	DT	SSENT	Workgroup Member Alternate
Greg Stevenson	GS	Green Cat Renewables Ltd	Observer
Iwan Watkin	IW	Renantis/Bluefloat Partnership	Observer
Jonathan Oguntona	JO	Baywa-Re	Workgroup Member
Kingsley Emeana	KE	Ofgem	Authority Representative
Lambert Kleinjans	LK	Energiekontor UK Ltd	Workgroup Member
Lina Apostoli	LA	ESB Generation & Trading	Workgroup Member
Matthew Paige-Stimson	MPS	NGET	Workgroup Member
Neil Geddes	NG	SP Energy Networks	Workgroup Member
Phoebe Finn	PF	Statera Energy Limited	Workgroup Member
Tim Ellingham	TE	RWE	Workgroup Member