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Code Administrator Meeting

Summary

Workgroup Meeting 8: CMP414 - CMP330/CMP374 Consequential Modification

Date: 16/03/26

Contact Details

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

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

Key areas of discussion

This meeting focused mainly on ESB evidence on contestability and a legal text review.

Overview of contestability in Ireland

ESB Generation & Trading presented a comprehensive overview of the contestability model in Ireland, detailing its legislative basis, operational processes, quantitative and qualitative benefits, and ongoing challenges.

- **Legislative and Regulatory Basis:** ESB explained that contestability in Ireland is underpinned by Section 34 of the Electricity Regulation Act 1999 and subsequent statutory instruments, which allow developers to undertake certain connection works, with ESB Networks and Eirgrid retaining control over connection methods and asset adoption.
- **Quantitative Analysis of Contestability:** ESB explained the approach to estimating the impact of contestability, noting that while longitudinal data is limited due to the model's long-standing nature, recent project comparisons suggest up to 20% cost savings and 5–11 months reduction in delivery timelines for standard 110kV loop-in connections, compared to regulatory benchmarks.
- **Qualitative Benefits and Challenges:** The presentation highlighted benefits such as increased flexibility, cost efficiency, innovation, and alignment with policy goals, while also noting challenges including coordination between TSO and TAO, grid reinforcement delays, asset transfer backlogs, and issues with charging and rebating rules.
- **Protections for Developers Regarding Grid Reinforcement:** ESB clarified that protections for developers facing grid reinforcement delays depend on whether such reinforcements are identified at the outset; generally, developers have some flexibility to manage delays, but explicit compensation is limited if reinforcements are identified later.

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- **Scope of Contestable Works and Asset Ownership:** The Workgroup discussed that certain transmission related works must be delivered by developers, but not all are necessarily adopted by the transmission owner; some assets, especially those behind the meter, may remain under developer ownership. This gave rise to **Action 7.4:** Clarify which transmission-related works are always required to be completed by developers for adoption by the Transmission Owner, versus which works are developer-built but not necessarily adopted (for example, certain on-site or behind-the-meter assets).

Legal text

The Proposer led the workgroup through the proposed Legal text changes for contestability, including new definitions, adoption agreements, intervention criteria, and alignment with existing codes.

- **Definitions and Scope of Contestable Assets:** The Proposer highlighted the new definitions for 'Adoption Agreement' and 'Contestable Asset,' clarifying that contestable assets may include both connection and infrastructure assets intended for sole use. The Workgroup discussed the need for clear guidance on what constitutes 'sole use.'
- **Intervention Criteria and Dispute Resolution:** The Proposer outlined the circumstances under which the company and transmission licensee may intervene to prevent user-led construction of contestable assets, such as risks to system integrity or non-compliance, and explained that disputes would be resolved via established CUSC or construction agreement processes, with Ofgem as the ultimate arbitrator.
- **Adoption Agreement Principles and Technical Standards:** The Workgroup discussed whether technical standards should be codified or referenced, and how developers would be informed of requirements.
- **Process for Feedback and Further Refinement: Action 15:** Workgroup members to submit comments and any proposed alternative wording on the Legal text to cusc.team@neso.energy within the next week.

Ofgem led discussion on Process, Risks, and Policy Objectives for Self-Build and Transfer

Ofgem presented initial policy thinking on what constitutes 'good' self-build and transfer arrangements, prompting a Workgroup discussion on process clarity, risk allocation, cost, and future needs.

What good looks like

Initial policy thinking not Ofgem's official position

Assets which are self-built and transferred	Risk allocation	Cost	Process	Future needs
<ul style="list-style-type: none"> Right technology is used in the right place The required quality Connects safely into the grid Ofgem able to provide the appropriate level of scrutiny Flexible enough to respond to future needs <p>Main risks to mitigate</p> <ul style="list-style-type: none"> Sub-standard assets Inefficient assets (e.g. lots of unnecessary substations) 	<ul style="list-style-type: none"> Risks allocated to the right party, considering: <ul style="list-style-type: none"> Who can put in place the mitigation measures Consumers should not be disadvantaged by project's decision to self-build and transfer rather than the TO doing the works 	<ul style="list-style-type: none"> At a minimum consumers should not bear any additional costs because of the project's decision to self-build and transfer the assets rather than the TO doing this work. Ideally, sole user of these assets should bear the cost associated with the self-build assets, including cost of maintaining and remedying any fault. 	<ul style="list-style-type: none"> clear and robust process that gives organisations confidence to use the self-build and transfer option: <ul style="list-style-type: none"> roles and responsibilities – including role of third parties (ICPs) Steps in the process, including what assets are contestable, build specifications/standards, the approval process etc how disputes are resolved – and measures to reduce likelihood of dispute occurring 	<p>Able to respond to the following scenarios:</p> <ul style="list-style-type: none"> where the CSNP has identified that others in this area would benefit where others in the future want to connect to the asset which was self-built and transferred to the TO – including bearing the fair share of the cost.

- Policy Objectives and Risk Mitigation:** Ofgem outlined desired outcomes for self-build and transfer, including use of appropriate technology, correct risk allocation, consumer protection from additional costs, robust processes, and adaptability to future needs, with main risks identified as substandard or inefficient assets.
- Process Clarity and Guidance:** The Workgroup discussed the importance of clear, robust processes for contestability, including roles, responsibilities, and dispute resolution. One workgroup member emphasized the need for more than high-level principles, while others suggested that publicly available templates and guidance, as seen in Ireland, would benefit developers.
- Technical Competence and Market Access:** One Workgroup member raised concerns about potential barriers to entry if only framework contractors are deemed competent, advocating for clear and fair criteria (such as NERS accreditation), while another noted that safety and technical standards should be consistent with those for any contractor.
- Scope and Limitations of Current Modifications:** The Chair clarified that the Workgroup's current scope is limited to the Terms of Reference set by the CUSC panel, which focuses on enabling contestability for sole use assets over two kilometres, and that broader policy objectives may require further modifications or regulatory action.

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Send Back issues – Actions Log update

The Workgroup reviewed the actions log:

Action 6.6 was closed: The Chair confirmed the action had already been completed and agreed it should be closed.

Action 6.8 and 6.12 remained open: NG confirmed the SP Energy Networks input is outstanding, with circulation expected before the next meeting.

Action 6.9 remained open: Ofgem feedback shows support for greater self-build and transfer for demand connections (from consultation responses and a demand roundtable), and Ofgem undertook to provide a short note summarising this for the record.

Action 6.11 was closed: Material was circulated and discussed at this meeting.

Action 7 remained open: Requires further development and a dedicated discussion scheduled at a future Workgroup meeting.

Actions 7.1, 7.2 and 7.3 were closed: Ofgem shared that they have reviewed the distribution licence, and noted it already includes contestability-related obligations (such as a competition code of practice), and concluded that similar transmission licence changes are not necessarily required at this stage, with any need for licence obligations to be considered only if gaps remain after voluntary arrangements are assessed.

Action 8.1 was closed: The Proposer confirmed that NESO Revenue and Charging have advised there are no charging impacts arising from CMP414/CMP330/CMP374 as drafted.

Action 8.2 remained open: JO confirmed that supporting evidence (via Renewables UK) has been submitted to Ofgem, and Ofgem agreed to clarify whether it can be shared with the Workgroup.

Action 9.1 remained open: Agenda item 9.1 to be discussed with the Workgroup as a standalone agenda item at a future workgroup meeting.

Action 10.1 remained open: The Proposer confirmed the action remains open, noting the material has not yet been finalised; but will circulate a draft.

Terms of Reference

The Chair led a review of the CMP414 Terms of Reference. The Chair noted that although Terms of Reference g) has been discussed, more work is required to consolidate this.

Objectives and Timeline

The Chair noted that the current timeline is becoming tight and may be overly ambitious given the remaining work required to address the send-back points, despite progress made to date. The Chair will provide clarity in coming days on whether the next Workgroup meeting and other timeline dates will need to be adjusted, stressing the

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need to be realistic to ensure a robust outcome and noting that any changes post the Workgroup Consultation will require CUSC Panel approval.

Any Other Business

None

Next steps

Chair to confirm the current timeline. Workgroup to review the proposed Legal text and provide comments or alternative wording. The Proposer to begin drafting the response to Ofgem’s send back letter, within the Workgroup Report structured point by point against the send back issues highlighted in the letter.

Actions

Action Number	Workgroup Raised	Owner	Action	Due by	Status
6			<u>Lack of clarity on benefits</u>		
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	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

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6.11	WG7	LA	Circulate analysis on contestability impacts	WG8	Closed
6.12	WG7	MH/NG	Circulate analysis undertaken for Action 6.8.	WG8	Open
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	Closed
7.2	WG6	KE	Clarify why the regulator's approach to contestability differs between distribution and transmission, referencing previous competition in connections experience.	WG7	Closed
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	Closed

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7.4	WG8	ESB	Clarify which transmission-related works are always required to be completed by developers for adoption by the Transmission Owner, versus which works are developer-built but not necessarily adopted (for example, certain on-site or behind-the-meter assets).	WG9	New
8			<u>Lack of Charging considerations</u>		
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	Open
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	Open
9			<u>Lack of analysis on Anticipatory Investment</u>		
9.1	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
10			<u>Misalignment of the STC and CUSC</u>		

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10.1	WG3	ND & MPS	Review and align legal text between the CUSC and STC modifications, ensuring consistency in compensation and intervention clauses	WG4	Open
15	WG8	All	Workgroup members to submit comments and any proposed alternative wording on the Legal text to cusc.team@neso.energy within the next week.	23/03/26	New

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
Andy Pace	AP	Energy Potential Consulting	Workgroup Member
Dayna Roger		NESO	SME
Dimitrios Terzis	DT	SSENT	Workgroup Member Alternate
Greg Stevenson	IW	Green Cat Renewables Ltd	Observer
Jonathan Oguntona	JO	Baywa-Re	Workgroup Member
Kingsley Emeana	KE	Ofgem	Authority Representative
Lina Apostoli	LA	ESB Generation & Trading	Workgroup Member
Matthew Paige-Stimson	MPS	NGET	Workgroup Member
Megan Hughes	MH	SSENT	Workgroup Member
Neil Geddes	NG	SP Energy Networks	Workgroup Member
Phoebe Finn	PF	Statera Energy Limited	Workgroup Member
Ruth Macdonald	RM	Ofgem	Authority Representative
Stacy Feldman	SF	ESB Generation & Trading	Workgroup Member Alternate
Tim Ellingham	TE	RWE	Workgroup Member