

Public

CMP417: Extending principles of CUSC Section 15 to all Users

Workgroup 16, 31 March 2026

Online Meeting via Teams

WELCOME

Agenda

Topics to be discussed	Lead
Introductions, Objectives and Actions	Chair
Proposer Update	Proposer
Review of Workgroup Report	Chair
Review of Legal Text	Proposer
Workgroup vote	Chair
Timeline	All
AOB & 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

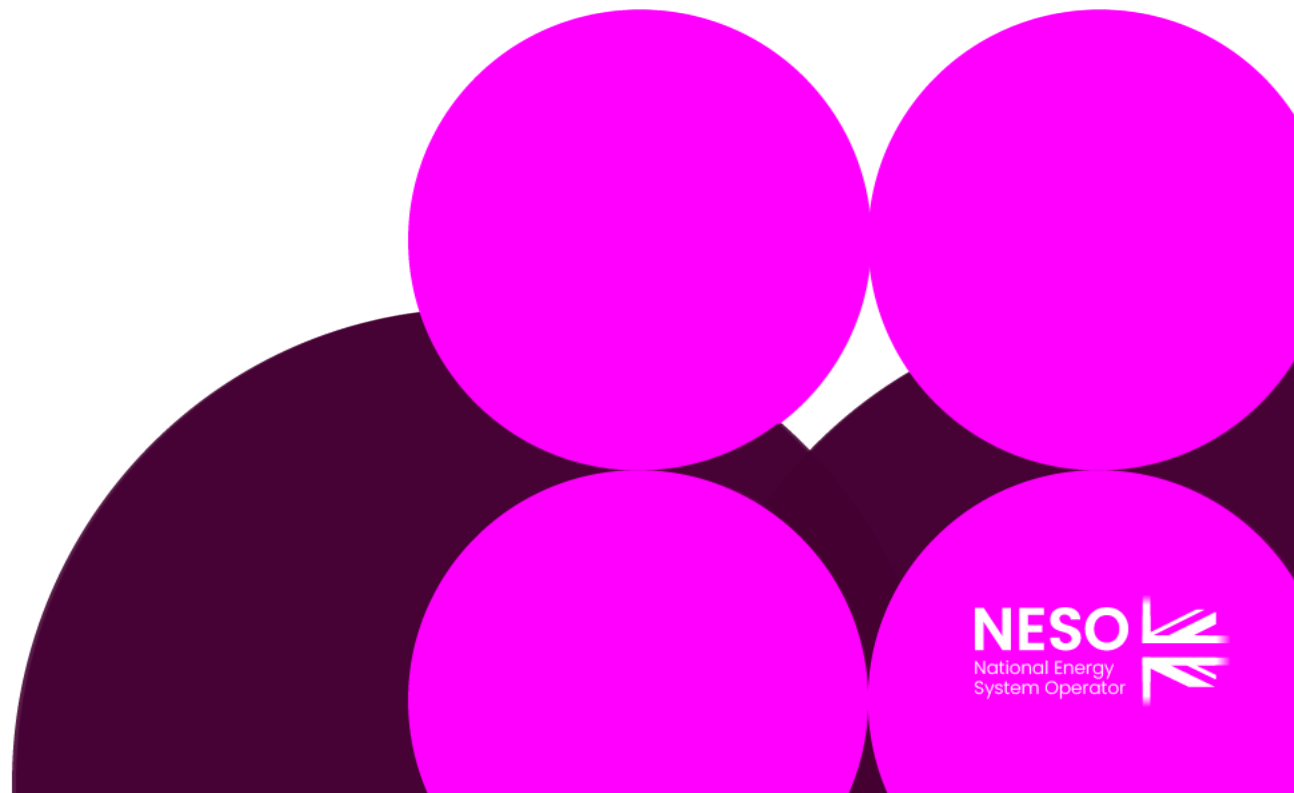
Vote on whether the solution(s) better facilitate the Code Objectives

Actions Log

Action Number	Owner	Action	Update	Status
15	SN/MC	Develop a detailed implementation plan for reissuing Construction Agreements.	Update provided in WG15	Propose to close
20	Workgroup Members	Workgroup to review how modification impacts DNO's contracts.	Update provided in WG15	Propose to close
21	MC	Confirm process for Hybrid Sites	Update provided in WG15	Propose to close
22	MC	Confirm with Connections practical arrangements for abortive works charges in hybrid site scenarios. Such as how and when Users are informed that such charges may arise following a change in scope and how advance visibility of potential charges is provided.	Update included in slides today	Propose to close
23	MC	Discuss with Proposer for CM093 and Consider whether similar transitional arrangements may be required in the STC as part of legal text development.	Raised at CM093 WG	Propose to close
24	MC	Action to look at wording in Section 6 (clause 6.30.4.4) to distinguish between <i>signed</i> and <i>commissioned</i> sites to ensure the intent is accurately reflected	Updated in legal text	Propose to close

Proposer Update

Martin Cahill, NESO



Abortive Works

Question from WG15: Do Users know in advance if cancellation could result in an abortive works charge?

Answer:

- This will not be known in advance. If reduction in TEC/Demand Capacity in a contract results in abortive works there will be a notification provided from the TO to NESO. This will then be reflected in an invoice to the customer
- Modification Application required to reflect reduction in TEC/Demand Capacity as well as removing attributable works from securities
- Applied as a reduction Fee as defined in the Construction Agreement

Reduction Fee

the fee payable by the **User** to **The Company** in respect of the agreement to vary issued pursuant to Clause 7.4.9 such fee being calculated on the same basis as that set out in the **Charging Statements** as payable on a payment of actual costs basis in respect of a **Modification Application**..

7.4.9 After a **Notice of Reduction** has taken effect **The Company** shall be entitled to make such amendments to this **Construction Agreement** as it requires as a result of the reduction in **Transmission Entry Capacity** effected by the **Notice of Reduction** and as a consequence to the [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**]. **The Company** shall advise the **User** as soon as practicable and in any event within 3 months of the date of the **Notice of Reduction** (or if the matter has been referred by the **User** to the **Authority** for determination, the date of determination) of such amendments by way of offer of an agreement to vary the **Construction Agreement** and [**Bilateral Connection Agreement**] [**Bilateral Embedded Generation Agreement**]. This agreement to vary will also provide for payment by the **User** of the **Reduction Fee** where applicable. The parties acknowledge that any dispute regarding this variation shall be referable to and determined by the **Authority** under the provisions of condition E13.5 of the **ESO Licence**.

Cashflow Implications

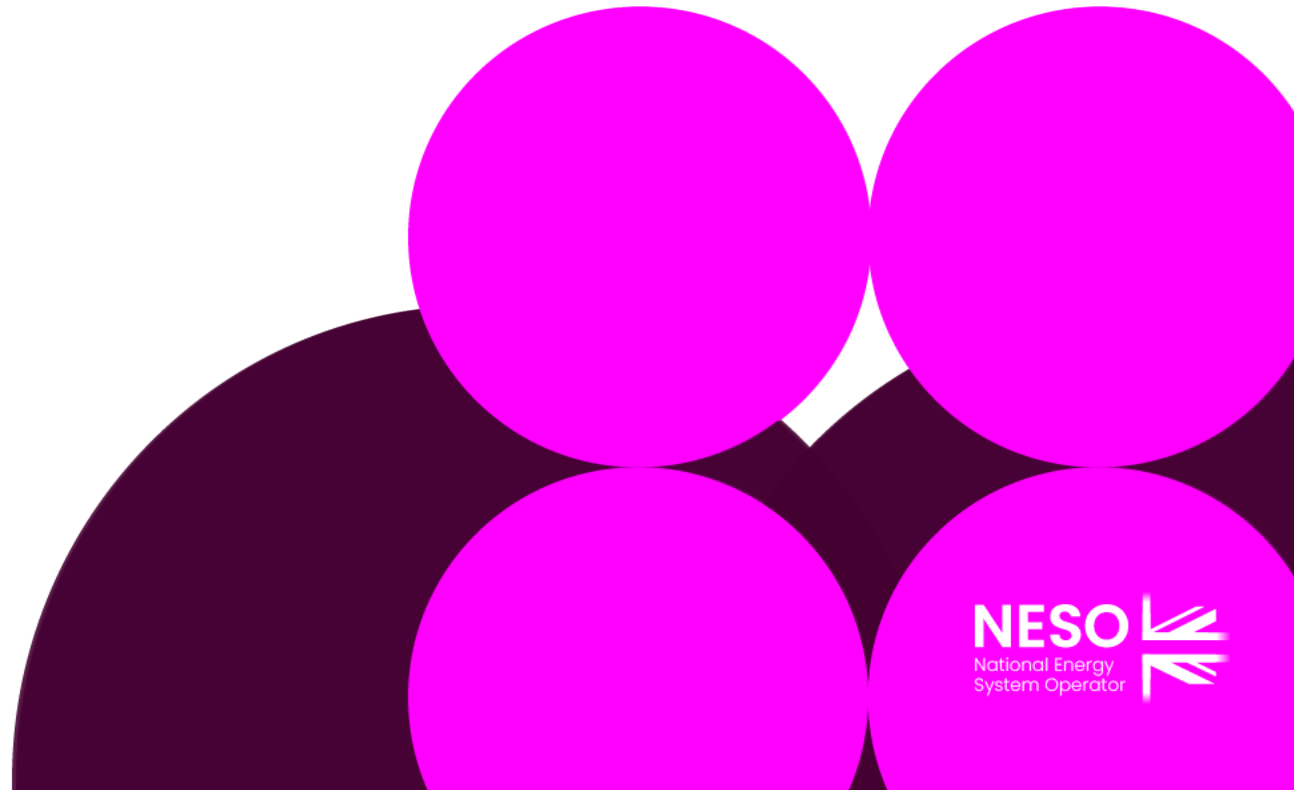
- Generally, securities do not present a cashflow risk
- The only scenario where there is a risk is where:
 - A connection cancels their contract
 - User default/is unable to pay the full cancellation charge
 - NESO draws down on securities, but is unable to collect the full cancellation amount
- In this instance there is a shortfall in revenue which will eventually be socialised via TNUoS, but in the short term presents a cashflow risk
- Only present in User Commitment as under Final Sums Security is always equal to Liability
- Examples of this happening with Generation are uncommon and as such it is not currently a significant risk
- As CMP417 simply extends to a wider group of Users, it is not expected that it will significantly increase this risk
- Question to Workgroup – is there any reason why demand would present a more significant risk?

Consumer Impact

- CMP417 introduces some consumer risk because it increases the chance that there will be a delta between TO invoices and revenue collected due to cancellations.
- Risk increases because, in general, security and liability expected to reduce
- However, as with User security, the principles used for CMP417 are designed to more accurately reflect the share of Transmission Reinforcement works that a User triggers
- We can see that using the same principles for generation under CMP192 has not triggered a significant Consumer impact
 - Less than 0.05% of TNUoS from securities
 - Terminations fairly rare: around 60 projects across 2022- 2024 period
- Any reduction in cancellation charges expected to be of a low magnitude relative to TNUoS revenue

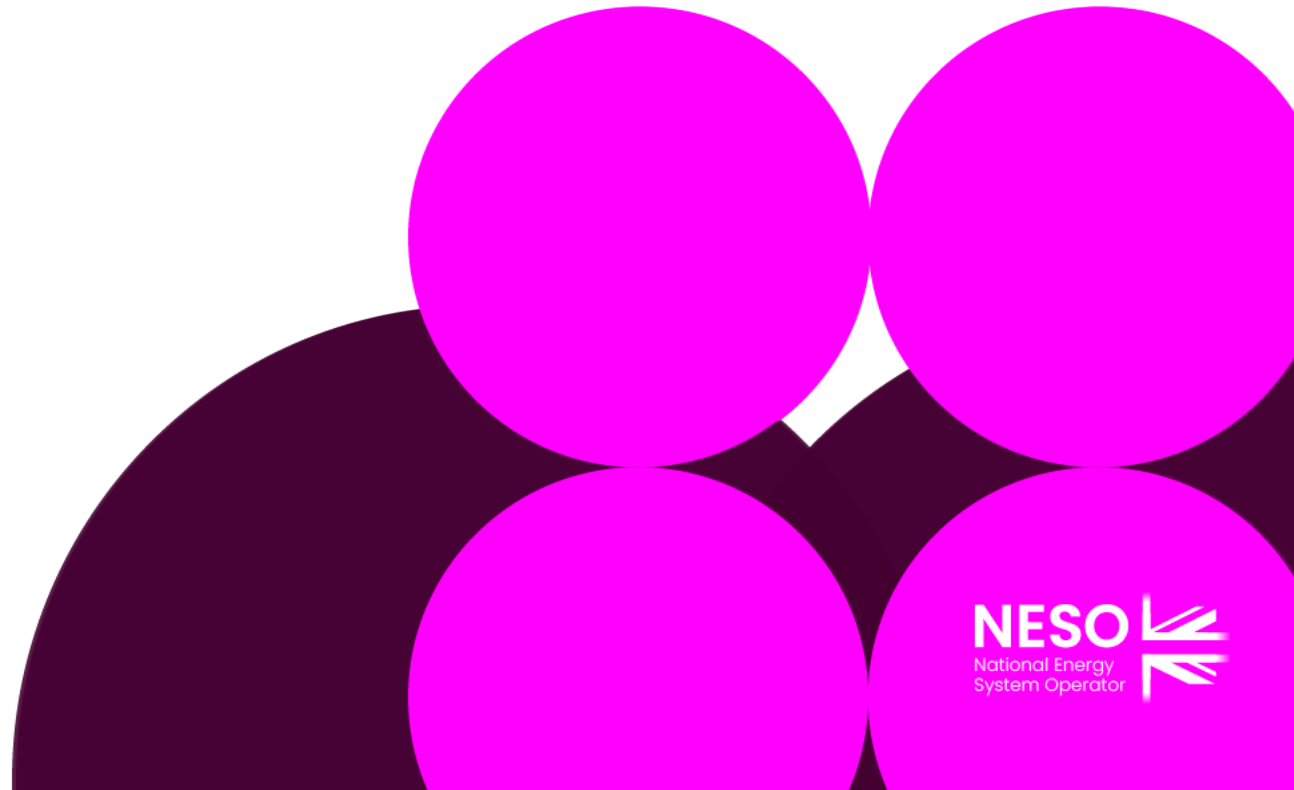
Workgroup Report Review

Robert Hughes, Chair



Legal Text Review

Martin Cahill, Proposer

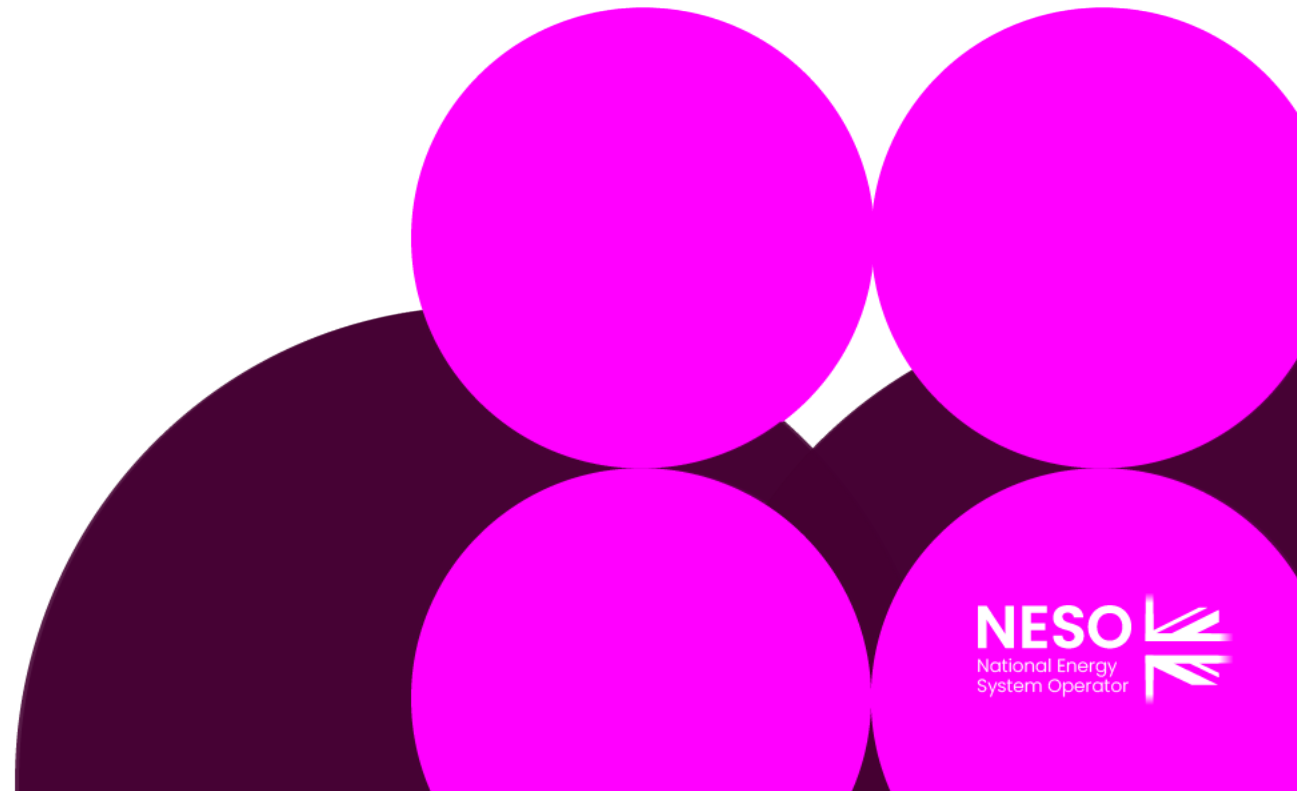


Legal Text Key Sections – Reminder

Section	Why Needed	Changes since last WG
Section 15 – User Commitment Methodology	Main section outlining User Commitment – updated to include Demand	Updated to latest baseline (since CMP448 Implementation. Small additional amount of text required to make clear PCF doesn't apply to demand Removed Interconnector Transition Arrangements Coupe of minor rewording/typos addressed
Section 11 – Interpretations and Definitions	Include new and updated definitions – Attributable Works, Demand Capacity, Embedded Demand Capacity, Distributed Demand, Associated DNO Construction Agreement	Updated to latest baseline (no clashes to address)
Section 6 – General Provisions	Outlines terms for capacity reduction post connection	Updated to latest baseline (no clashes to address), addressed issue raised last WG re. commissioned/signed
Exhibit MM3 - Notification of Fixed Attributable Works Cancellation Charge V1.1	Template for Attributable Cancellation Charge – updated to include demand	Added in “Embedded Demand Capacity”
Schedule 2 Exhibit 3 – Construction Agreement	Update Construction Agreement template so that demand aligns to User Commitment	Minor changes e.g. definitions, paragraph numbering, clarifications

Workgroup Vote

Robert Hughes - Chair

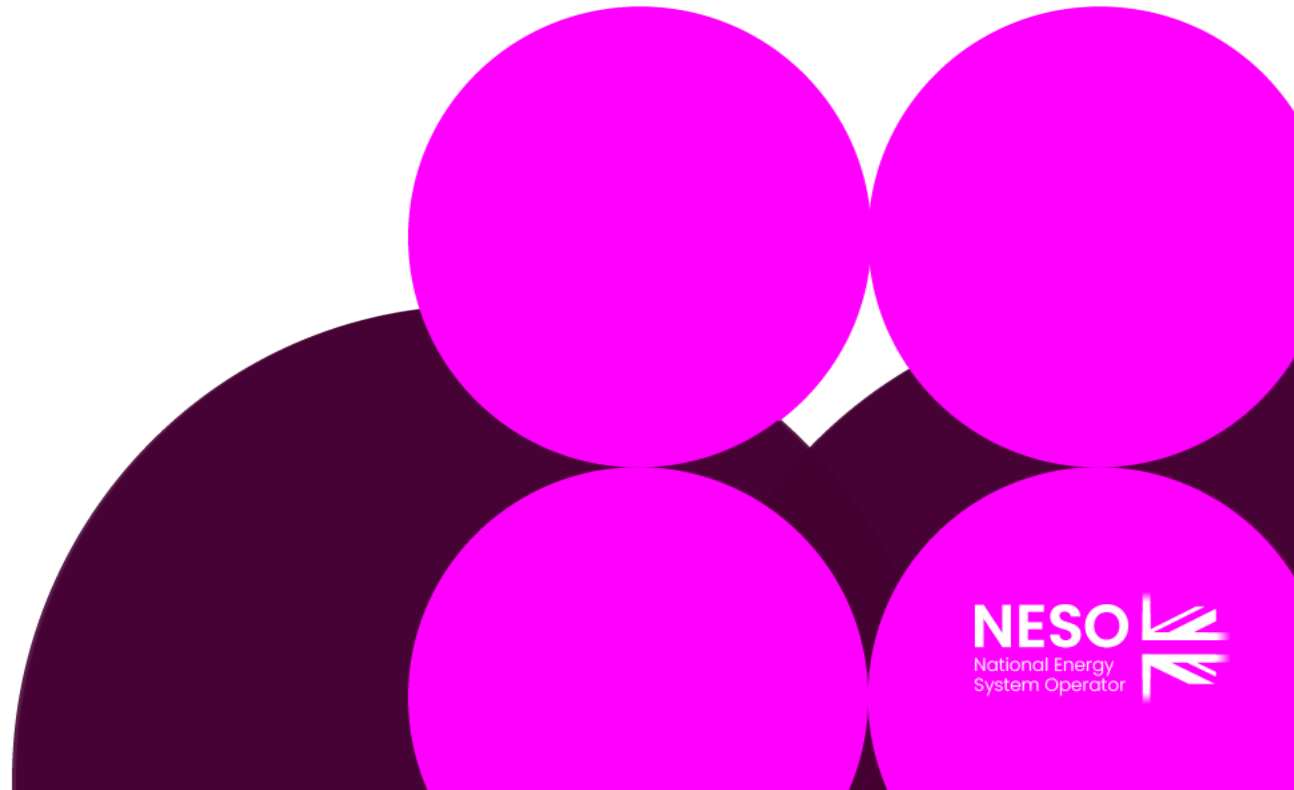


Workgroup Membership

Workgroup Member	Alternate	Company	Eligible to Vote
Charles Deacon	David Swadling / Matt Predescu	Eclipse Power Networks	Yes
Damian Clough	Edda Dirks	SSE	Yes
Gareth Williams	Paul Smillie / Allan Love	SPT	Yes
Harriet Eckweiler	Jonny Clark	SHET	Yes
Kirsty Dawson	Rohit Alexander / Andrew Yates / Pete Aston	Statkraft UK	Yes
Martin Cahill	Sean Nugent	NESO	Yes
Matthew Paige-Stimson	Ben Sayah	NGET	Yes
Ollie Easterbrook	Jack Purchase	NGED	Yes
Sam Aitchinson	Robin Prince	Island GP	No
Steve Halsey	Zivanayi Mushanhi	UK Power Networks	Yes
Tim Ellingham	Andrew Allan	RWE Supply & Trading GmbH	Yes

Timeline

Robert Hughes, Chair



CMP417 Timeline – Updated November 2025

Milestone	Date
Workgroup 16	31 March 2026
Workgroup 17	none
Workgroup Report to Panel	16 April 2026
Panel for ToR sign off	24 April 2026
Code Administrator Consultation (15 Business Days)	28 April 2026 – 19 May 2026
Draft Final Modification Report (DFMR) issued to Panel	18 June 2026
Panel undertake DFMR recommendation vote	26 June
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	26 June – 03 July
Final Modification Report issued to Ofgem	06 July
Ofgem decision	TBC
Implementation Date	10 Business Days following Authority Decision

AOB & Next Steps

Robert Hughes, Chair

