

Public

Securities and Methodology Webinar

25 March 2026

Welcome

Agenda

1. General Programme Updates
2. Securities
3. Consultation on Methodologies



4. Q&A (slido code: **#CR-March2026**)



Today's speakers

Nina Bhogal

Deepak Solanki

Simon Sheridan

James Norman

Paul Mullen



General Programme Updates

Securities

What can I expect now?

Gate 1

Offers continue to go out

Security refunds, where applicable, will be issued within 6 weeks of signing the AtV.

Gate 2

Security statements will be issued with the G2 offers based on the latest TO data

Accepting offers

The 30-day period for placing security begins on the date NESO countersigns the Gate 2 Modification Offer. This is the effective contract date under CUSC.

Rejecting offers

As stipulated in CUSC Section 18, if a customer elects not to accept the Gate 2 Modification Offer, NESO will issue a Gate 1 Agreement to Vary. Execution of this Agreement will initiate the process for releasing and returning any associated security arrangements. Further information can be found in CUSC Section 18.12.3.

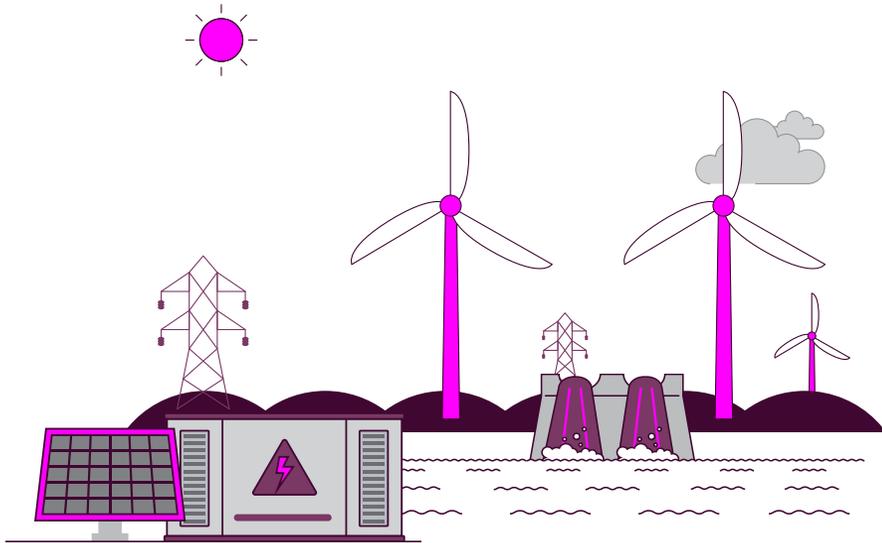
Part offers

Gate 1 and Gate 2 element offers will be issued concurrently, with the securities aligned to reflect the scope of works required for the Gate 2 element.

What happens next?

CMP447

The proposed list of works has been issued to Ofgem for their approval. Once approved, the works will be removed from the security statements



PCF

Now live and the first metric will be published on 2 August on our website (and every 6 months after that)

[Progression Commitment Fee \(PCF\) | National Energy System Operator](#)

- No immediate impact on securities.
- As a reminder, the PCF is only activated if 6.5 GW generation is terminated for failing to meet Queue Management Milestone 1 and a decision made by NESO/Ofgem.

Further updates

- **Security freezes clarification** – Next security statements that are issued will be as part of the gate 2 offers, which means the current frozen position will remain in place until you receive and sign the gate 2 offer.
- **CMP417** – Extending the principles of CUSC section 15 to Users on Final Sums methodology – Currently in working group stage.
- Financial mechanism for data centers as part of Demand Connections Reform. See Ofgem CIA document for options being considered (closed 13/03).

[Demand Connections Reform](#)

Recent customer feedback

Highlights from recent customer feedback – review/prioritise and continue to involve you as we develop

- **Enhanced self-service for customers** – improved access to MM statements, S-curves and clearer visibility of trigger dates.
- **Greater transparency and accuracy in financial calculations** – updated guidance explaining securities calculations (for both embedded and directly connected customers), clearer breakdowns of specific fees, and sharing easily transferable information to support customer understanding.
- **Improved case management**, particularly if the portal becomes the primary communication channel.
- **More timely and consistent updates** on impacts of regulatory changes, Mod Apps and trigger dates.
- **Clearer engagement** – opportunities for direct interaction (e.g. bookable slots or defined touchpoints) and clarity on how future queries will be handled.
- **Clarity on future communication approach** – the role of webinars, guidance documents, surgeries, portal bookings and other channels.

Consultation on the Connections Reform Methodologies

Context

3 Methodologies

- Project Designation Methodology
- Gate 2 Criteria Methodology
- Connections Network Design Methodology

Approach

- We have a licence obligation to periodically review the Connections Methodologies
- We have identified several areas of the Connections Methodologies where minor, clarificatory changes could be made to improve readability and operability in advance of the first enduring application window
- We have also identified a small number of areas where more material changes to the Connections Methodologies could be beneficial.
- There are also several areas where we are not proposing any change at this stage, but where we are interested in views to inform future thinking and potential future changes

Annual Consultation on the Methodologies published 17 March 2026

- Open until **5pm on 21 April 2026**
- Consultation is made up of:
- An overview document with questions seeking your views; and
- Proposed marked up changes on each of the Methodologies



Consultation responses can be submitted to box.connectionsreform@neso.energy.

Key Themes we are going to discuss today

Capacity
Reallocation

Protections

Demand

We will be happy to answer any questions on these and the other topics we cover in the Methodologies Consultation in the Q&A section of this webinar

Capacity Allocation vs Capacity Reallocation

	Capacity allocation	Capacity reallocation
Purpose	The process whereby projects without a Gate 2 offer/agreement are allocated capacity and issued a Gate 2 offer	The process whereby projects with Gate 2 status are reallocated capacity that has been 'freed up' by a project exiting from the connections delivery pipeline
Process timing	Within a gated window	Periodically, but not limited to within a window
Readiness	Project needs to demonstrate readiness	Project has already demonstrated readiness (but ongoing compliance needed)
Strategic alignment	Project needs to demonstrate strategic alignment (categories a to d)	Project has already demonstrated strategic alignment (but capacity will not be reallocated where permitted capacities exceeded)
Queue formation placement	Behind all Gate 2 projects ¹	Allows projects with Gate 2 status to secure an earlier queue position

Capacity Reallocation Process Example

Phase 1

G2WQ Outcome

571	50MW Solar T3
572	100MW Battery T7
573	75MW Solar T4

Phase 2

1623	150MW Solar T3
1624	75MW Battery T4
1625	50MW Solar T3

12 Months Later

571	TERMINATED
572	100MW Battery T7
573	75MW Solar T4

1623	150MW Solar T3
1624	75MW Battery T4
1625	50MW Solar T3

[3] Months Later

571	1625 Reallocation
572	100MW Battery T7
573	75MW Solar T4

1623	150MW Solar T3
1624	75MW Battery T4
1625	Moved to Phase 1

Demand

- Government consultation published 11 March 'Accelerating electricity network connections for strategic demand'.

Key proposals:

1

Prioritise strategic demand projects for capacity allocation and re-allocation, and capacity reservation.

2

Potentially increase queue entry and membership requirements for data centres.

3

Potentially align connections for data centres to a future Government data centre strategy.

- Changes associated with Proposal 1 have been marked up (in yellow) in the connections methodologies.
- Further detail is required before Proposals 2 and 3 can be marked up.
- **Please respond to the [Government consultation](#), which closes 15 April 2026, with any comments on demand (not NESO's consultation). Responses should be sent to:**

energygovuk.citizenspace.com/energy-infrastructure-planning/grid-connections-reforms

CMP434 Protections (proposed changes)

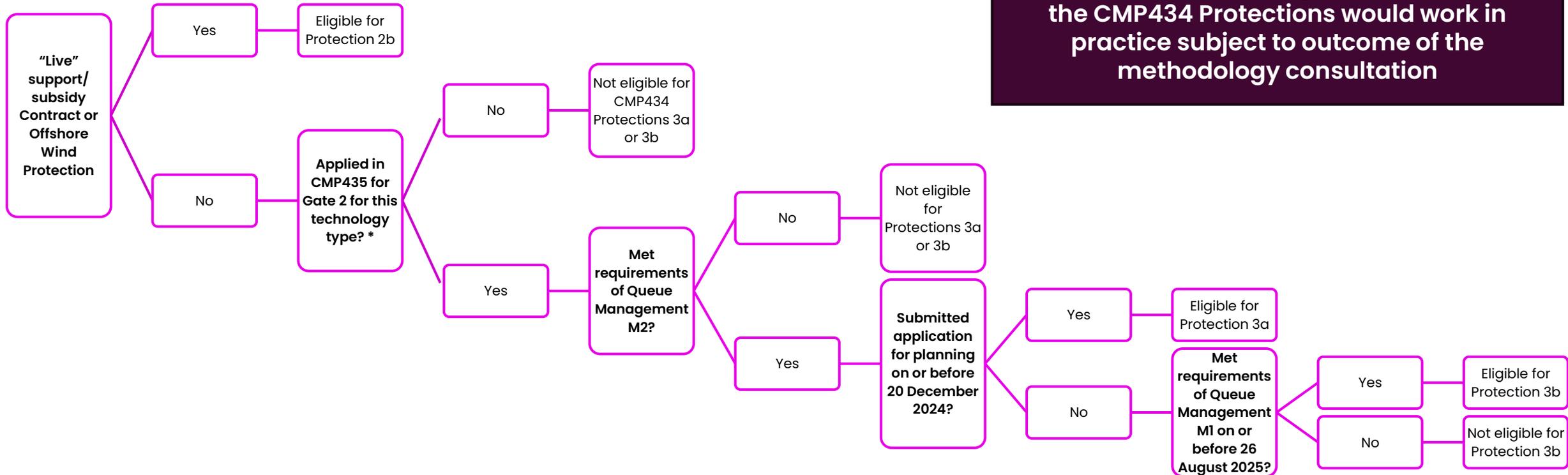
In the current published Gate 2 Criteria Methodology, only those who applied for Gate 2 for that technology type in the Gate 2 to Whole Queue process are eligible for the CMP434 Protections

- We are proposing to remove this requirement for Protection 2b but not for Protection 3a and 3b

As not all of our planned offshore wind reservations were successful due to offshore wind permitted capacity limitations, we are proposing to extend Protection Clause 2b to include offshore wind leasing rounds which have associated strategic network design undertaken by NESO.

Being clear on the evidence requirements to meet Protection 3a and Protection 3b – see next slide.

CMP434 Protections (proposed changes)



***Note – this is a visual representation of how the CMP434 Protections would work in practice subject to outcome of the methodology consultation**

Slido Q&A

We will now answer the top voted questions from the Slido.

#CR-March2026



Please only ask securities and methodology consultation related questions.

Keep questions constructive and courteous and refrain from posting anonymously.



Thank you