

Public

# **CMP460: Improving Transmission Connection Asset Charging**

Workgroup 10, 16 April 2026

Online Meeting via Teams

# WELCOME

# Agenda

Topics to be discussed	Lead
Welcome	Chair
Timeline	Chair
Alternative Requests and Workgroup Membership	Chair
Actions Log	All
Alternative Request	MPS
Legal Text	Proposer
Workgroup Report	All
AOB and 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

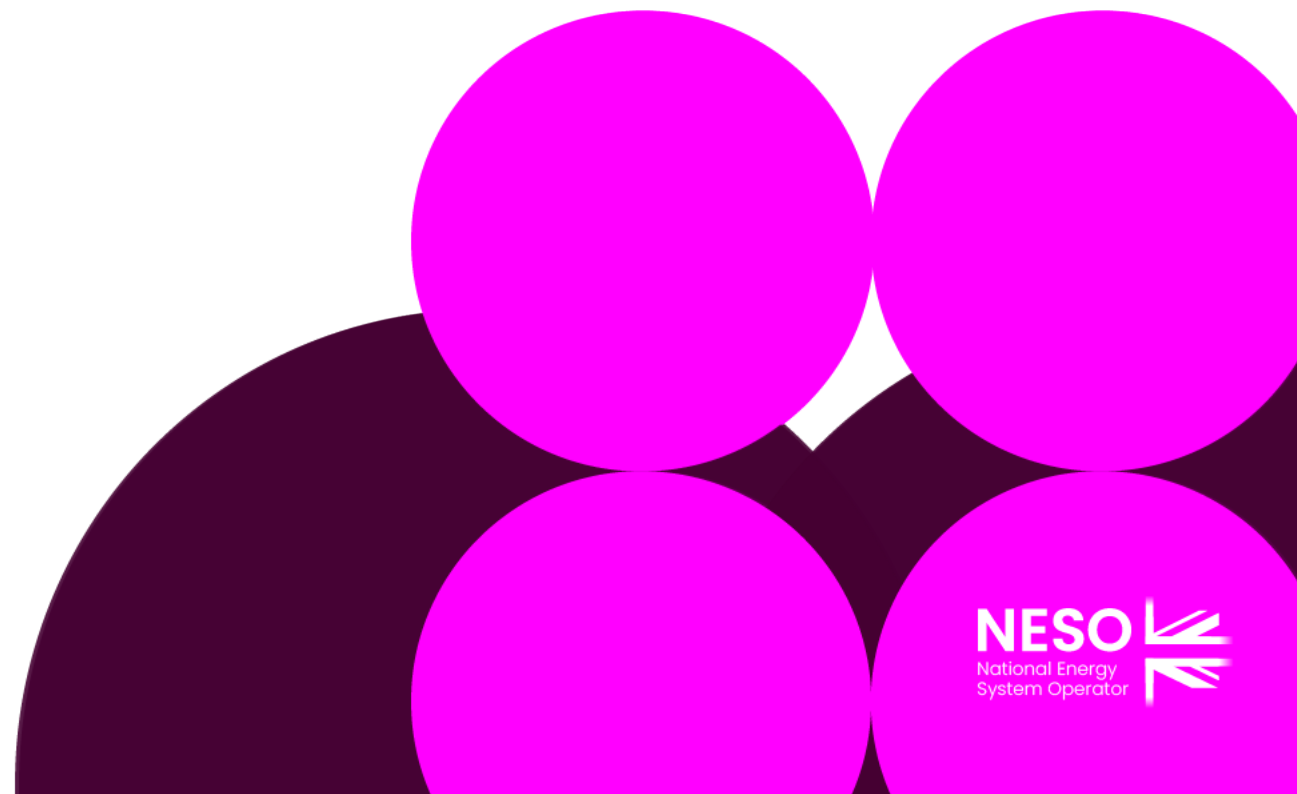
Vote on whether or not to proceed with requests for Alternatives

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

# Timeline

**Matthew Larreta**

NESO Code Administrator





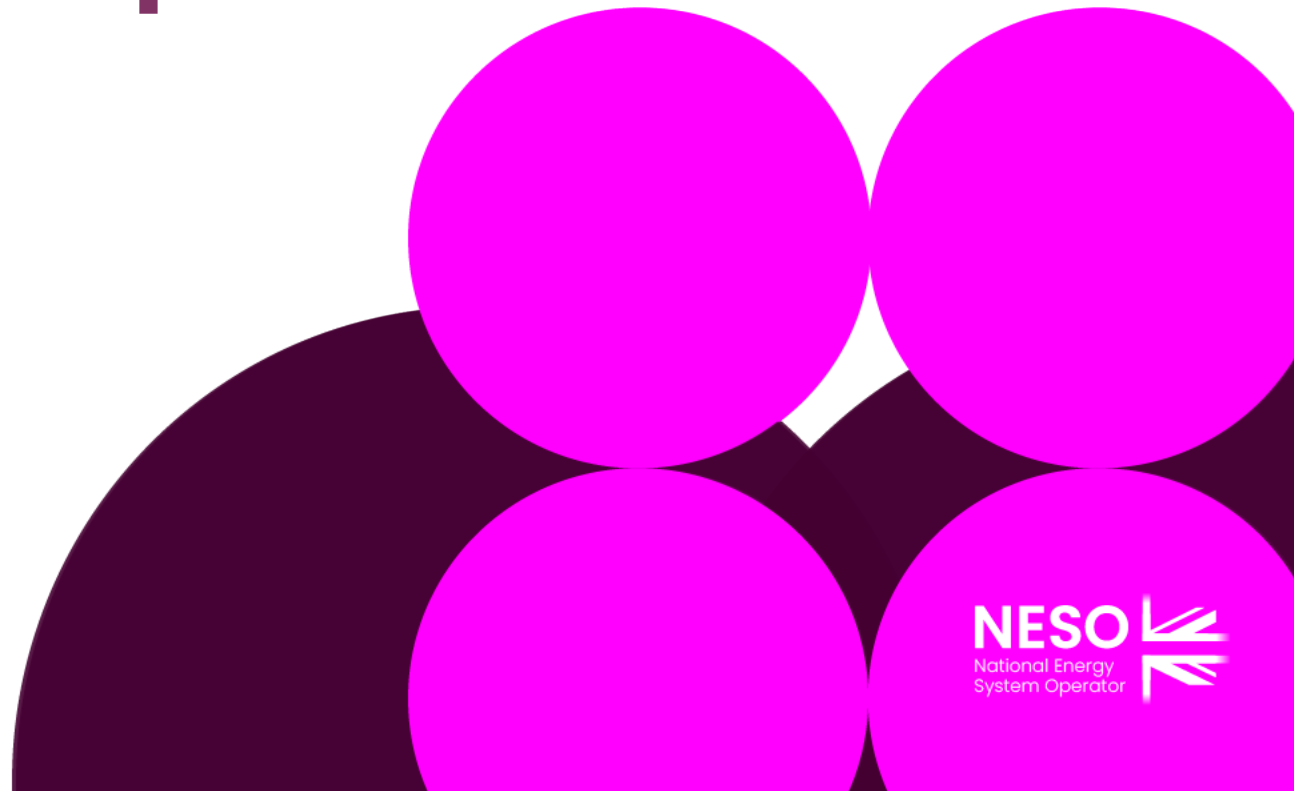
# CMP460 Timeline

Workgroups	Date	Main objective
Workgroup 10	16 April 2026	Review Workgroup Report and Legal Text
Workgroup 11	27 April 2026	Review Workgroup Report, Legal Text, Alternatives
Workgroup 12	05 May 2026	Agree Terms of Reference (ToR), Workgroup Vote
<b>Workgroup Report to Panel</b>	14 May 2026	Panel sign off ToR
<b>Post Workgroups</b>		
Code Administrator Consultation	22 May 2026 – 15 June 2026	
Draft Final Modification Report to Panel	23 July 2026	
Final Modification Report to Ofgem	31 July 2026	
Implementation Date	01 April 2027	

# Alternative Requests and Workgroup Membership

**Matthew Larreta**

NESO Code Administrator



# Alternative Requests and Workgroup Membership

## Ofgem's statement at Workgroup Meeting 9

*'We are aware that NGET have asked whether they can raise a WACM Request, however as NGET is not a CUSC Party and has not been given Materially Affected Party status, it's not clear to us on what basis they've been made a WG member (rather than an observer).*

*That complicates the question of whether a WACM Request can now be raised.*

*We've asked for a call with the NESO as a matter of some urgency so that this issue doesn't unduly delay the development of the proposal.'*

## NESO Code Administrator's Response

**CUSC 8.20.3** states that:

*A Workgroup **shall comprise at least five (5) persons (who may be Panel Members) selected by the CUSC Modifications Panel** from those **nominated by CUSC Parties, BSC Parties, the Citizens Advice or the Citizens Advice Scotland** for their **relevant experience and/or expertise in the areas forming the subject-matter** of the CUSC Modification Proposal(s) to be considered by such Workgroup (and the CUSC Modifications Panel shall ensure, as far as possible, that an **appropriate cross-section of representation, experience and expertise is represented** on such Workgroup) provided that there shall always be at least one member representing The Company and the CUSC Modifications Panel is of the view that if and only if a CUSC Modification Proposal is likely to have an impact on the **STC, the CUSC Modifications Panel may invite the STC committee to appoint a representative to become a member of the Workgroup**. A representative of the Authority may attend any meeting of a Workgroup as an observer and may speak at such meeting.*

### Nomination of non-Schedule 1 organisations

- As NESO is a Party to both the CUSC (as the counterparty to Schedule 1 Users) and the BSC, **it may be permissible for NESO to nominate NGET as a Workgroup member**. However, this is **ambiguous, so we are seeking further advice and continuing discussions with Ofgem**.
- NGET may therefore wish to seek a **nomination from the STC Panel**, ask Ofgem to be designated as a **Materially Affected Party**, or to participate in this Workgroup as an **Observer**.

### NGET's Alternative Request

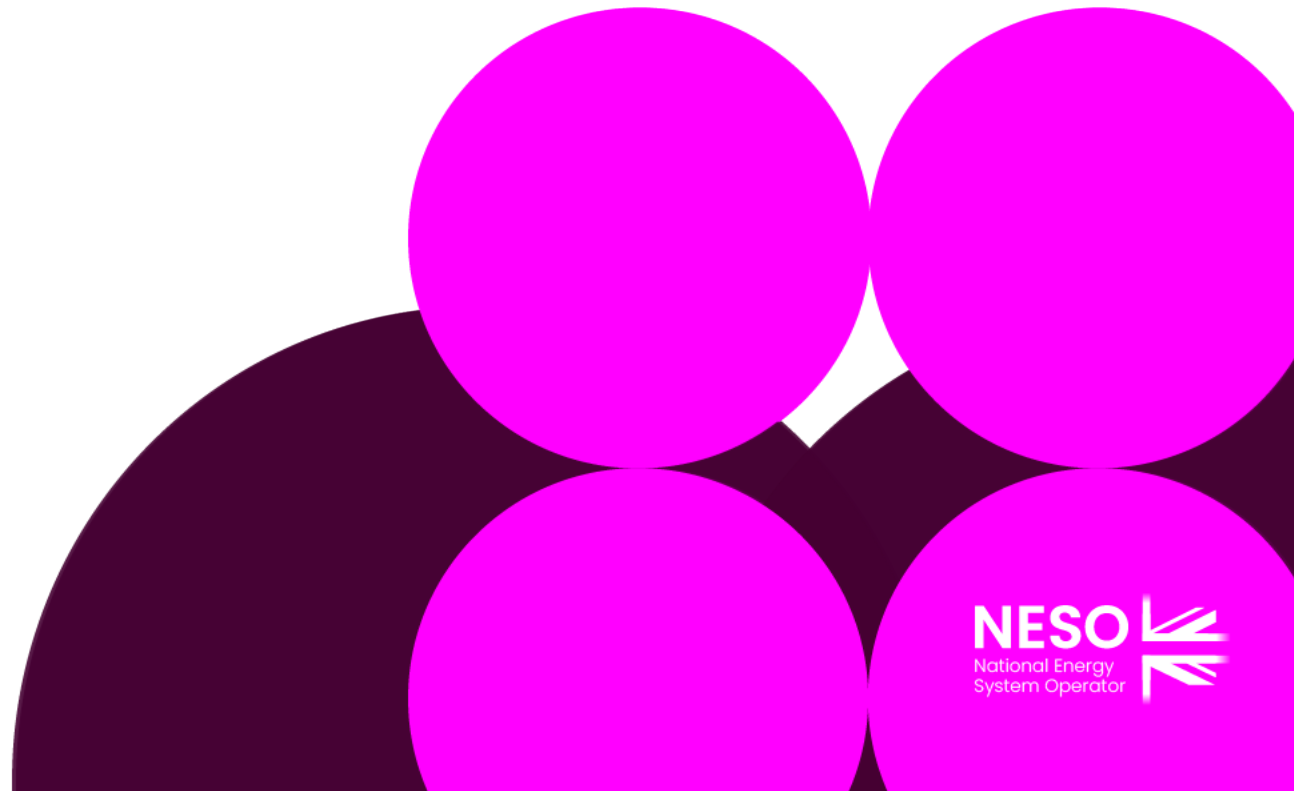
- CUSC 8.20.16 states that any CUSC Party, BSC Party, the Citizens Advice or the Citizens Advice Scotland may (subject to Paragraph 8.20.20) raise a Workgroup Consultation Alternative Request in response to the Workgroup Consultation.
- Therefore **NGET, regardless of their Workgroup member status, cannot raise an alternative**, but other Workgroup members may wish to raise this alternative instead of NGET.



# Actions Log

**Matthew Larreta**

NESO Code Administrator



# Actions Log

Action Number	Workgroup raised	Owner	Action	Update	Due by	Status
14	WG2	JC / AH	Review potential changes to Legal Text with NESO Legal Team (possibly Section 3 or 11).		WG6	Open
37	WG8	AH	Provide a detailed table clarifying the treatment of securities for different asset types and users, include securities as they are now and as they would be under CMP417. Confirm the scope of Attributable Works and wider works with input from relevant teams.		WG9	Open
40	WG8	JC	Update or develop worked examples in Section 14.11 to reflect the revised Legal Text and consult the NESO Charging Team to ensure accuracy of first year charges in the examples.		WG9	Open
41	WG8	JC	Add wording to the Legal Text and consult on the regulatory implications of refunding Capital Contributions if Assets are reclassified from Connection to Infrastructure Assets upon CMP460 implementation.		WG9	Open
43	WG9	AH	NESO Legal to confirm whether references in CUSC Section 11 can be updated as part of CMP460 or whether a separate modification is required.		WG10	Open
44	WG9	ML	Chair to confirm whether the Proposer is permitted to raise an Alternative to his own proposal.		WG10	Open
45	WG9	PB	PB and other interested Workgroup members to consider the scope, alignment, and differences between the potential alternative(s) being considered in preparation for the next Workgroup meeting.		WG10	Open

# Proposer Raising an Alternative Request

## Eligibility to Raise an Alternative

- Under the CUSC governance arrangements, **there is no restriction preventing the Proposer of a modification from raising an Alternative Request to their own proposal**, provided they are otherwise eligible to do so e.g. being a CUSC or BSC Party.

## Requirement to Remain Within Scope

- **Any Alternative Request must remain within the scope of the Original Proposal**, meaning it should address the same identified defect through a different solution, rather than introduce a new intent or unrelated issue.

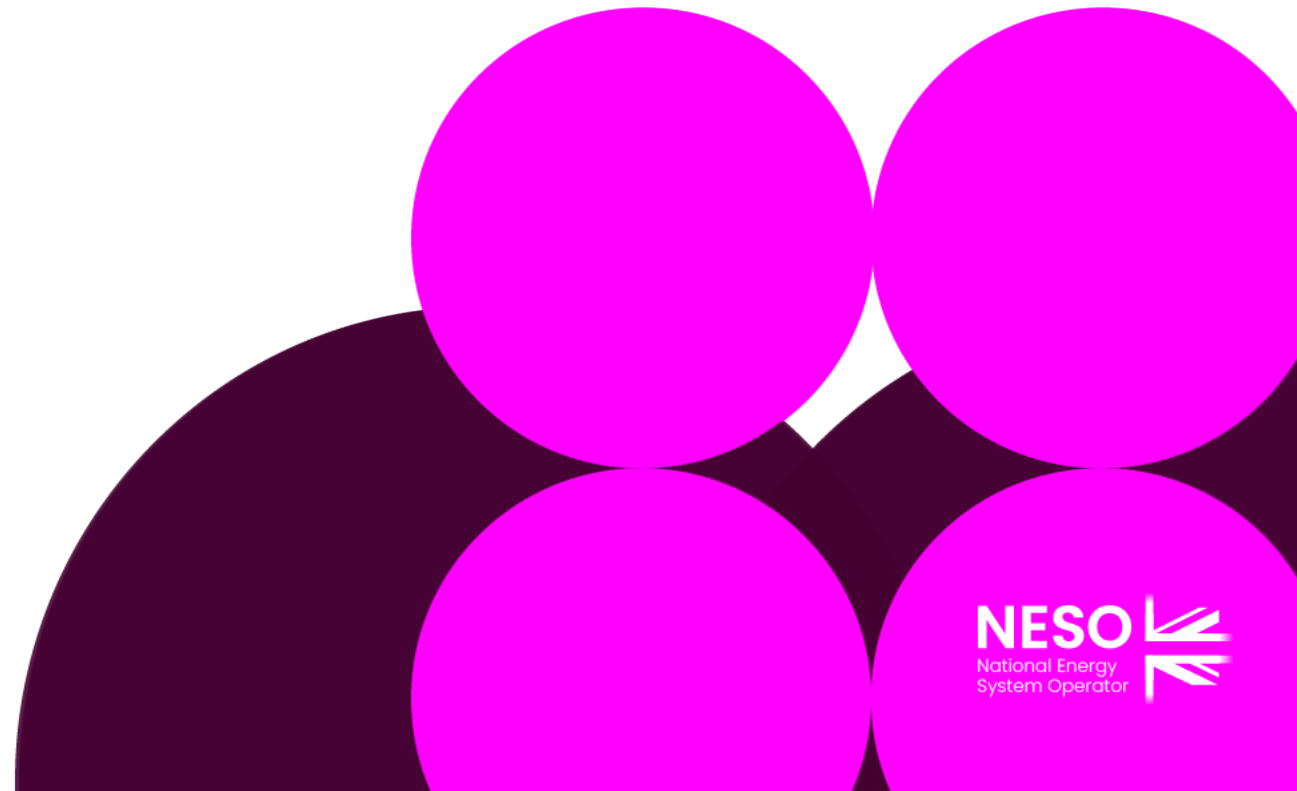
## Out-of-Scope Proposals

- **Where an Alternative is materially out of scope of the Original Proposal**, it should not be progressed as a Workgroup Alternative and would instead **need to be raised as a new and separate modification**.

# Alternative Request

**Matthew Paige-Stimson**

NGET



# CMP460

## Seeking Views & Input Potential Alternatives



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# Overview of Original Solution

- TNUoS socialisation of recovery for assets dedicated to DNO connections will remove most new (if not all) transmission service asset charging in GB, making charging SHALLOW.
- The Original Solution “removes” charging rather than “fixes and sustains” cost reflective charging.
- Ofgem’s publications, most recently “Locational Charges and Regulatory Siting Levers under Reformed National Pricing” consultation, indicate that DEEPER charging is actively being considered... *“to ensure that projects face a greater share of the cost of the works required for their connection and that fewer of these costs are socialised.”*
- In prior Ofgem publications concerns were raised over major new shared connection sites being funded via TNUoS with implied consumer subsidy and dilution of cost-reflective barriers to entry.
- NGET feel the Original Solution (or derivatives of it) prospect of rejection is very HIGH, given its SHALLOW outcome and clear conflict with the transmission network charging reform’s intentions. **We believe this will leave Embedded Users with no improvement of a fixable problem.**
- From a TO perspective, having users seek transmission connections to avoid disproportionately high recharging of transmission connection works is inefficient and diverts resource.
- There is an imperative for alternate solutions to materialise.



# Resolving embedded user “pain-points”

- Embedded User’s primary barrier to connection, from transmission charging, is full/high recharging of transmission connection works by the DNO, **not** the absence of transmission charges.

	Transmission Connection Asset works	Are recharges of connection charges a barrier to entry for Embedded User?
Connection Site	High DNO recharges of CUSC Capital Contribution to Embedded Users	YES
Infrastructure Site	No connection charges made to DNO	NO

- A solution to address the “pain-point” for Embedded Users, does not require the alignment, or in the Original Solution the removal, of transmission connection charging.
- The Original Solution is, for the main pain-point, disproportionate to need.
- No change to underlying Connection Asset Charging is required.
- Refining Capital Contribution arrangements needed, pointing to where easier solutions may exist.

# Options to address recharging "pain-point" now

- The concept of Connection Charging itself does NOT need to change in the short term. Evolution can be made through Ofgem's transmission network charging reform because deepening charging is complex, needs time, and ideally is done comprehensively once.
- Existing transmission connection charging arrangements provide for annually charged cost reflective connection charges to connected users, DNOs in this case, which would negate the primary pain-point being experienced. The fact that high discretionary Capital Contributions are permitted, without constraints, indicates the key CUSC defect area to address.
- Introducing restraints on the pre-existing Capital Contribution arrangement would enable greater equity and proportionality in the exercising of the Capital Contribution option by a DNO for transmission connection works needed for an Embedded User.
- Setting limits on CUSC Capital Contribution for works required for an Embedded User could deliver material improvement in the short term, fairly reducing upfront recharged liability for transmission connection works, whilst **minimising near term code changes** and **avoiding conflict with transmission charging reform work** which is ongoing with longer timescales.

# Thoughts on alternatives – Key Points

- No fundamental change to transmission connection charging is required for a realistic solution.
- There are solutions that don't conflict with Ofgem's transmission connection charging reform.
- Solutions are possible that utilise the same Cost Apportionment Factor approach used in DCUSA Common Connection Charging Methodology, whilst leaving DCUSA CCCM to set any de-minimis Embedded User size/voltage floor for any recharged Capital Contributions.
- Solutions are readily implementable from information within existing DNO Application process, because key Embedded User data is already needed and used for transmission design.
- Any new spare transmission works capacity provides benefit for future consumers (de-minimis embedded users), until used by Embedded Users, and so warrants annual transmission connection charges for residual RIIO ED Exit Charge revenue recovery via DUoS.
- Solutions can enable capital contributions from successive Embedded Users, subject to CCCM, so that ongoing annualised transmission connection charges (consumer funding via DUoS) go down over time as spare transmission connection asset capacity is used up.

# View on viability of CUSC options v Other Options

	NGET's thoughts on alternative CUSC proposals	Original CUSC Solution	DCUSA DCP461
Working Group Governance	Voting taken by working group members more likely to lead to a positive vote (within working group control), prior to FMR and submission sent to Ofgem		Voting is strictly by DCUSA parties by category. A positive vote is potentially more in doubt, prior to submission to Ofgem
RIO ED Price Control considerations	Requires adjustments to RIO ED Exit Charge revenue terms over time, to support reduced recharging of transmission connection works to Embedded Users	Requires removal of Exit Charge revenue term value corresponding to the ending of Connection Charges upon DNOs.	Requires adjustments to RIO ED Exit Charge revenue terms over time, to support reduced recharging of transmission connection works to Embedded Users
Transmission Connection Charging Reform	Alternatives are possible that do inappropriately socialise connection costs and do not directly conflict with ongoing charging reform work	Significantly conflicts with the current ongoing transmission network charging reform work	Does not directly conflict with ongoing charging reform work

Electricity  
Transmission

Annex –

NGET's thoughts on a solution.

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# NGET thoughts on one potential alternative

The following slides outline **one** potential solution that NGET believe could resolve the primary “pain-point” defect for Embedded Users. There may be other options.

NGET believe there is a high likelihood of rejection of the Original Solution with the consequence that no actual improvement is secured for Embedded Users.

NESO have confirmed that an onshore TO cannot raise a WACM themselves, unless designated a Materially Affected Party.

**Therefore the introduction of this, or similar WACM, relies on a CUSC User (or NESO) raising a WACM, for themselves or on behalf of an onshore TO.**



# NGET thoughts on one potential alternative

We consider that the following principal addition to CUSC clause 14.3.12, accompanied by supporting adjustments is capable of addressing the primary “pain-point” defect experienced by Embedded Users.

Embedded User’s Connection Asset Capital Contribution Limit =

$$\text{Max} \left( \text{TCW\_cost} \times \text{Max} \left( \frac{\text{User\_TCW\_MW}}{\text{TCW\_MW\_Capability}}, \frac{3 \times \text{User\_TCW\_Fault\_Infeed}}{\text{TCW\_Fault\_Level\_Capability}} \right), \text{TCW\_cost} - (\text{TCW\_MW} \times \text{TCW\_HCC}) \right),$$

Where:

- TCW = The transmission Connection Asset works required at the transmission Connection Site in order to enable the new or modified Embedded User’s connection.
- TCW\_cost = The inflated transmission connection works cost, disaggregated into Connection Asset(s) as indicative and later out-turned inflated Connection Asset GAV value(s) for each relevant Connection Asset.
- User\_TCW\_MW = Embedded User’s use of added TCW MW capability.
- User\_TCW\_Fault\_Infeed = Embedded User’s use of the added TCW fault level capability.
- TCW\_HCC = A transmission connection works high-cost cap parameter setting the maximum TCW\_cost per TCW\_MW above which an Embedded User will capitally contribute to transmission connection works.
- TCW\_MW = The additional secured MW capability of the TCW to be delivered to enable the connection and operation of the Embedded User(s).
- TCW\_Fault\_Capability = The additional kA fault rating of transmission Connection Assets in order to enable the connection and operation of the Embedded User(s).

# NGET thoughts on CLAUSE 14.3.10 Change

“14.3.10 In addition a number of options exist:

- a capital contribution based on the allocated GAV at the time of commissioning will reduce capital. In respect of a directly connected Distribution System the capital contributions in respect of transmission connection works required for an Embedded User's new or modified connection, will be limited as set out in paragraph 14.3.12. Typically a capital contribution made in advance of or at the time of commissioning will include costs to cover the elements outlined below and charges are calculated as set out in the equations below; ....”

# NGET thoughts on CLAUSE 14.3.12 Changes

“14.3.12 A User can choose to make a capital contribution based on the allocated and depreciated NAV of a commissioned asset.

In respect of a directly connected Distribution System a capital contribution paid by the relevant DNO for transmission connection works required to enable an Embedded User's new or modified connection shall be limited to the higher of;

- a. for transmission connection works delivering MW thermal capability, the transmission connection works cost (£) multiplied by the Embedded User's additional thermal (MW) need for the transmission connection works divided by the transmission connection works additional thermal capability (MW), and
- b. for transmission connection works delivering kA Fault Level capability, the transmission connection works cost (£) multiplied by three (3) multiplied by the Embedded User's additional fault contribution (kA) need for the transmission connection works divided by the transmission connection works additional fault current capability (kA).
- c. For high-cost transmission connection works, the transmission connection works cost (£) minus the product of the transmission connection works additional thermal capability (MW) and the Transmission Connection Works High-Cost Cap (£/MW)

# NGET thoughts on CLAUSE 14.3.12 Changes continued

“  
...

Embedded User's Connection Asset capital contribution limit =

$$\text{Max} \left( \text{TCW\_cost} \times \text{Max} \left( \frac{\text{User\_TCW\_MW}}{\text{TCW\_MW\_Capability}}, \frac{3 \times \text{User\_TCW\_Fault\_Infeed}}{\text{TCW\_Fault\_Level\_Capability}} \right), \text{TCW\_cost} - (\text{TCW\_MW} \times \text{TCW\_HCC}) \right)$$

Where:

- TCW = The transmission Connection Asset works required at the transmission Connection Site in order to enable the new or modified Embedded User's connection.
- TCW\_cost = The inflated transmission connection works cost, disaggregated into Connection Asset(s) as indicative and later out-turned inflated Connection Asset GAV value(s) for each relevant Connection Asset.
- User\_TCW\_MW = Embedded User's use of added TCW MW capability.
- User\_TCW\_Fault\_Infeed = Embedded User's use of the added TCW fault level capability.
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- TCW\_MW = The additional secured MW capability of the TCW to be delivered to enable the connection and operation of the Embedded User(s).
- TCW\_Fault\_Capability = The additional kA fault rating of transmission Connection Assets in order to enable the connection and operation of the Embedded User(s).

# NGET thoughts on CLAUSE 14.3.12 Changes continued

“ ....

Capital contributions may be made in advance of or at the time of commissioning of transmission connection works required for the connection of the first Embedded Users.

For capital contributions made by the directly connected DNO in respect of subsequent Embedded Users taking benefit of already delivered but unused transmission connection works capability, capital contributions shall also be limited in accordance with this paragraph 14.3.12 and payments shall be made prior to the start of **Financial Year** n in accordance with the following arrangements.

For a capital contribution to take account at the start of **Financial Year** n, the User may, at most once per year, make a full or partial capital contribution up to the value ~~of at least 10%~~ of the NAV prevailing as of 31st March in year n-1. The User shall notify **The Company** of the capital contribution amount no later than 1st September in year n-1, and pay the capital contribution 45 days prior to the start of **Financial Year** n which will be applied to the NAV prevailing at the start of year n. As the capital component of the connection charge for year n will reduce as a result of the capital contribution, a reduced rate of return element will be payable and a lower security requirement will be required in **Financial Year** n and subsequent years. “

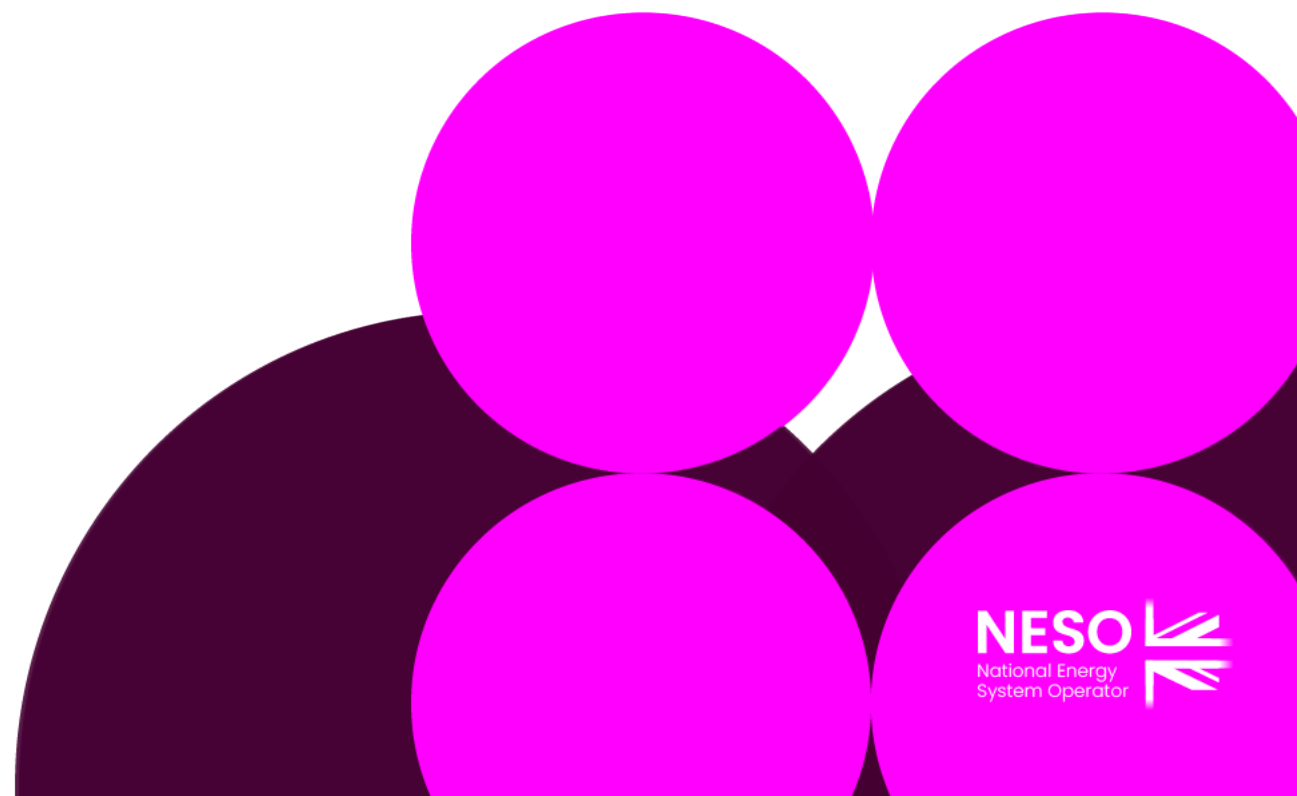
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# Legal Text

**Joe Colebrook**

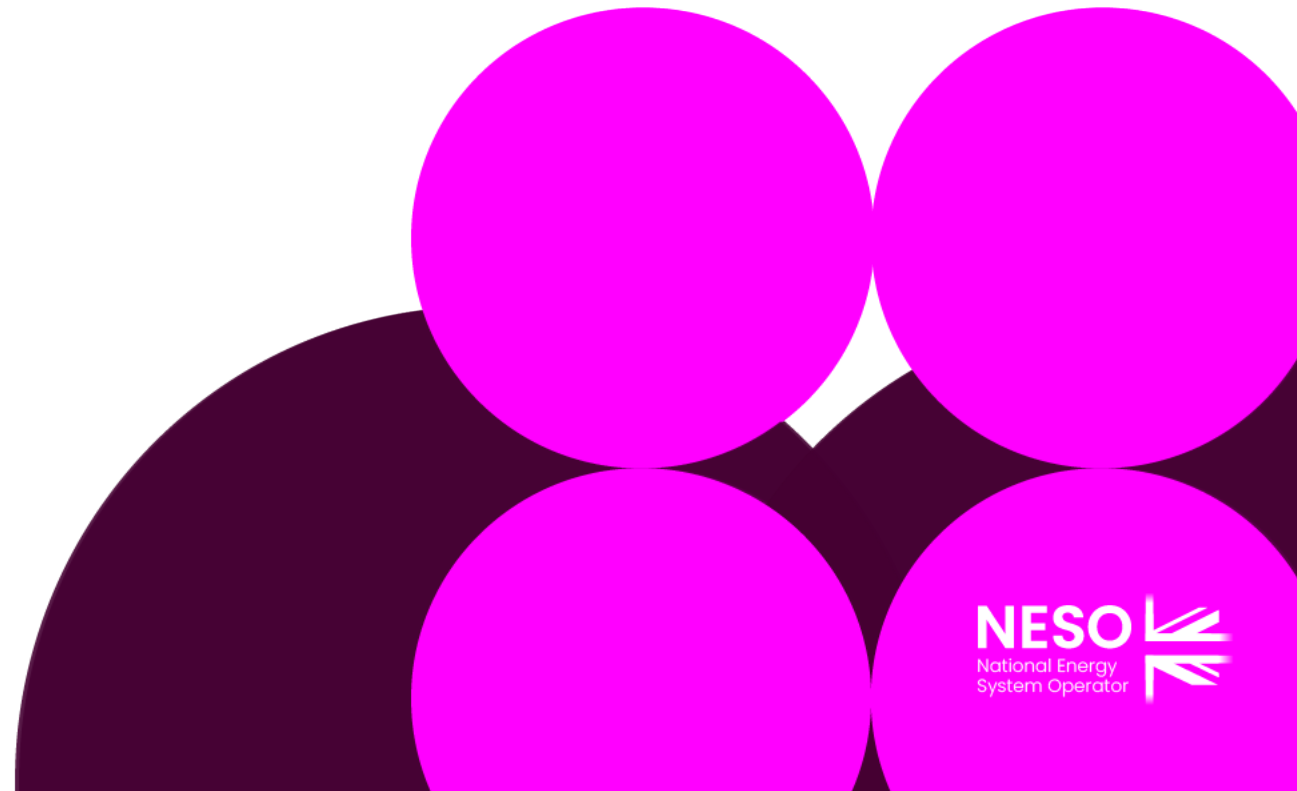
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# Workgroup Report

**Matthew Larreta**

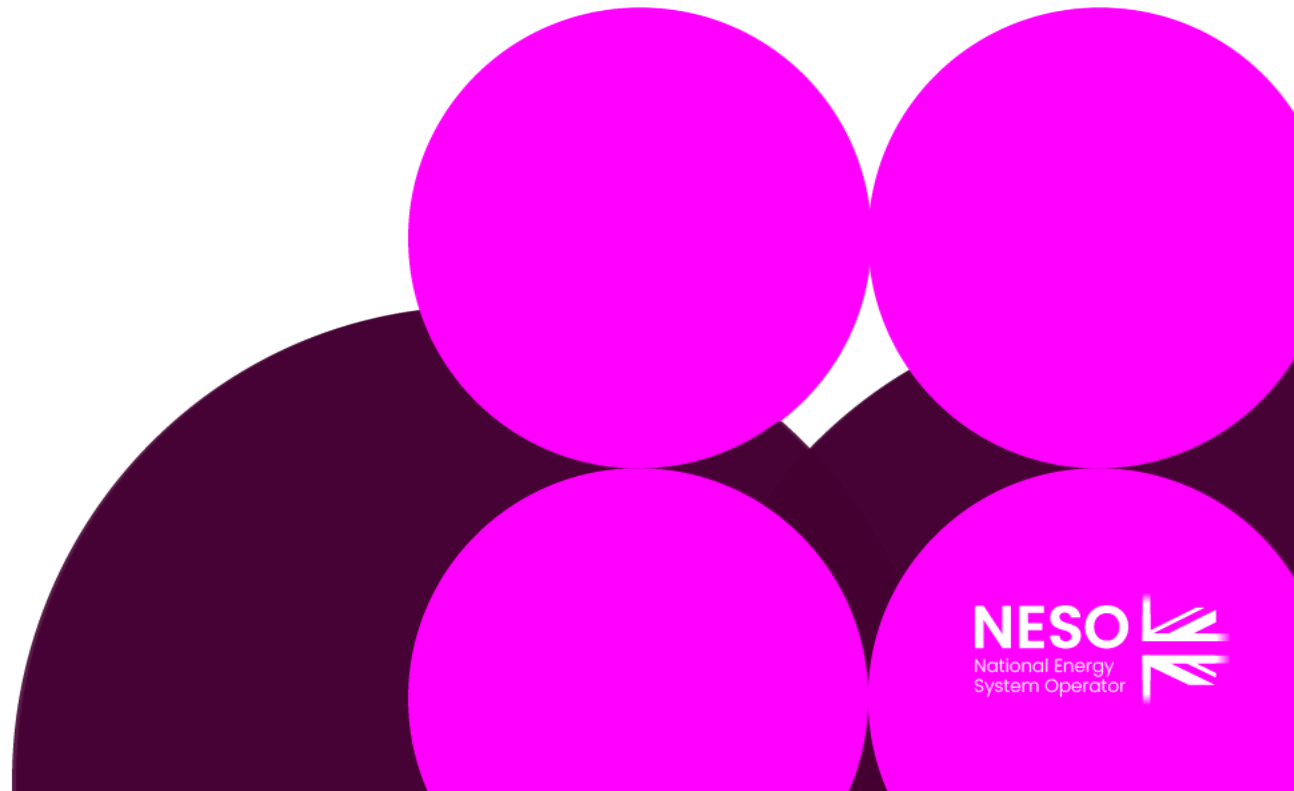
NESO Code Administrator



# AOB and Next Steps

**Matthew Larreta**

NESO Code Administrator



# CMP460 Timeline

Workgroups	Date	Main objective
Workgroup 10	16 April 2026	Review Workgroup Report and Legal Text
Workgroup 11	27 April 2026 Bring forward to 23 or 24 April?	Review Workgroup Report, Legal Text, Alternatives, and ToR
Additional Workgroup?	1 May?	Review Legal Text, Alternatives, and ToR, finalise Workgroup Report and Legal Text
Workgroup 12	05 May 2026	Agree ToR, Workgroup Vote (including Alternatives)
<b>Workgroup Report to Panel</b>	<b>14 May 2026</b>	<b>Panel sign off ToR</b>
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Code Administrator Consultation	22 May 2026 – 15 June 2026	
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