

Public

CMP470: Introducing an Oversubscribed Technologies Commitment Fee

Workgroup Meeting 4

Tuesday 21 April 1pm

Online Meeting via Teams

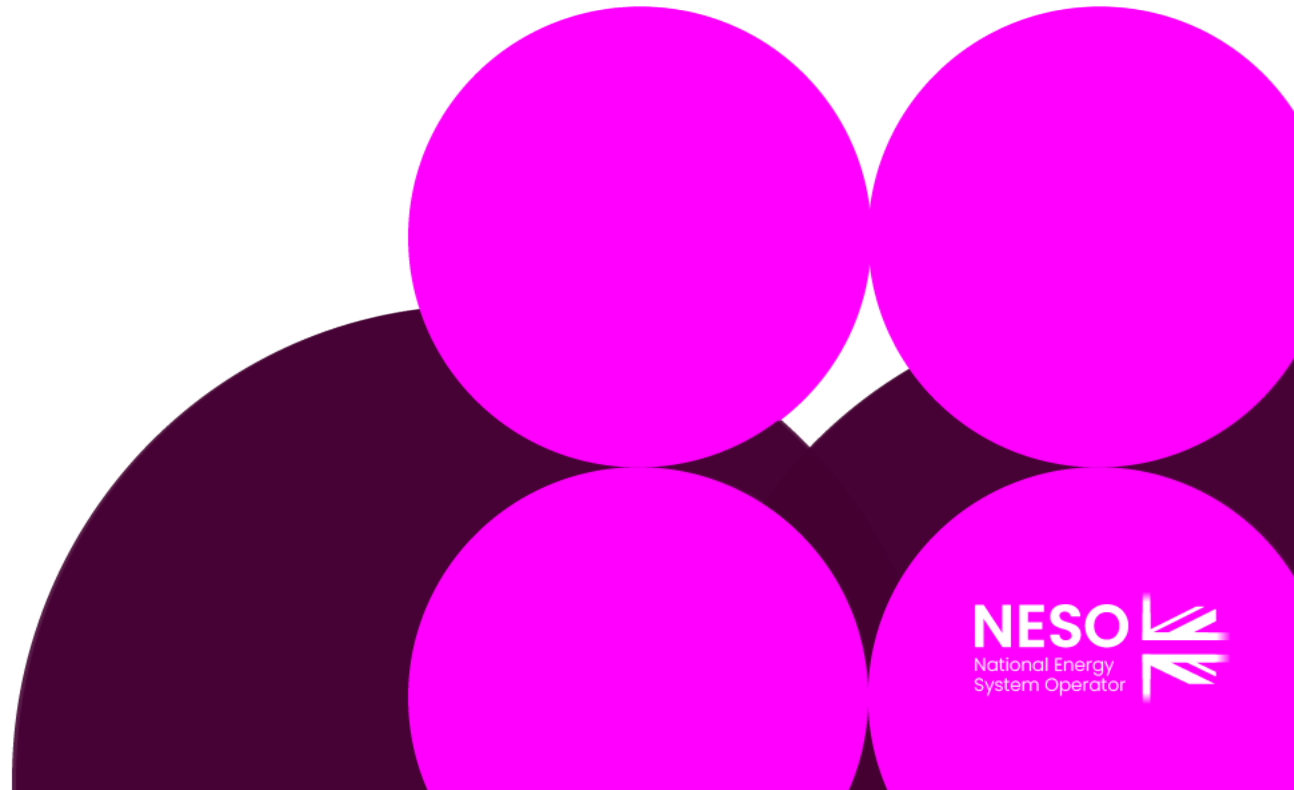
WELCOME

Agenda

Topics to be discussed	Lead
Workgroup Responsibilities and Expectations	Chair
Query Log Update – Securities Questions and Response	DS – NESO SME
Timeline and Objectives	Chair
TO Position on ‘pragmatic approach’ in DESNZ and Ofgem Open Letter	TO Representative – GW
Proposer Update	Proposer
Alternative Request 1 – Alternative Implementation Date – Root Power	SL/NB
Alternative Request 2 – Alternative Fixed One-Off Security – Firstway Energy	NS
Alternative Comparison Tables – Alternatives 1 and 2	All
OTCF/CMP192/Alternative Request 1 Comparison	DG
Possible Alternative Request Vote	All
Draft Workgroup Consultation Discussion	All
Query and Action Log Update	Chair
Any Other Business and Next Steps	Chair

Workgroup Responsibilities and Membership

Claire Goult – NESO Code Administrator



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

Workgroup Membership

Role	Name	Company	Industry Sector
Proposer	Andrew Enzor	Field Energy	Battery Storage
Workgroup Member	Ahmed Dabb	Aura Power	Generator
Workgroup Member	Andrew Dudkowsky	NESO	National Energy System Operator
Workgroup Member	Alex Ikonic	Roadnight Taylor	Specialist Consultant
Workgroup Member	Andrew Yates	Statkraft	Generator
Workgroup Member	Charles Deacon	Eclipse Power Networks	Network Operator
Workgroup Member	Charles Saywell	Apatura Energy	Developer
Workgroup Member	Charlie von Schmieder	Gresham House	Battery Storage Owner/Developer
Workgroup Member	Chris Terry	Fidra Energy	Generator
Workgroup Member	Ciaran Fitzgerald	ScottishPower Renewables	Generator
Workgroup Member	Claire Hynes	RWE	Generator
Workgroup Member	Dennis Gowland	Research Relay Ltd	Other
Workgroup Member	Gareth Williams	Scottish Power Transmission	Onshore Transmission Licensee
Workgroup Member	Garth Graham	SSE Generation	Generator
Workgroup Member	Gary Camplejohn	Harmony Energy Ltd	Generator

Workgroup Membership

Role	Name	Company	Industry Sector
Workgroup Member	George Radcliffe	Ecoenergy	Generator
Workgroup Member	Grahame Neale	LightsourceBP	Generator
Workgroup Member	Helen Stack	Centrica	Generator
Workgroup Member	Henry McDonald	Voltwise Power Holdings Limited	Other
Workgroup Member	Joe Colebrook	Innova	Generator
Workgroup Member	Julia McGee	Orsted	Generator
Workgroup Member	Kimbrah Hiorns	EDF Power Solutions	Generator
Workgroup Member	Kyran Hanks	Waters Wye	Other
Workgroup Member	Lamin Saidy	Qair UK	Generator
Workgroup Member	Lee Wilkinson	On Path Energy	Generator
Workgroup Member	Navdeep Singh Gora	Northern Powergrid	Network Operator
Workgroup Member	Ollie Easterbrook	National Grid Electricity Distribution plc	
Workgroup Member	Paul Youngman	Drax	Generator
Workgroup Member	Philip Pateman	Aukera energy	Generator
Workgroup Member	Philip Patrick	Firstway energy	Bess Developer
Workgroup Member	Ravinder Shan	FRV Powertek Limited	Generator

Workgroup Membership

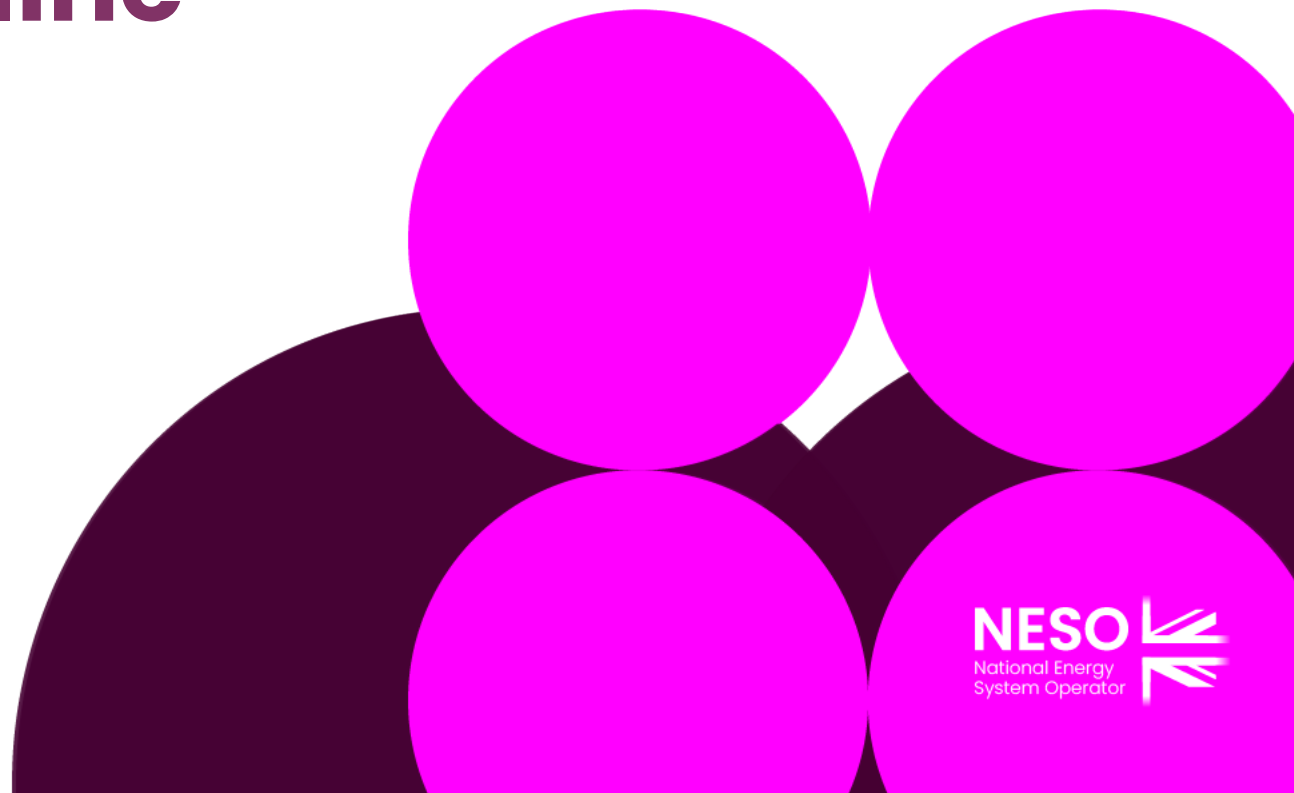
Role	Name	Company	Industry Sector
Workgroup Member	Robin Dunne	InterGen	Generator
Workgroup Member	Rob Smith	ENSO Green Holdings Limited (EGHL)	Generator
Workgroup Member	Ross O Hare	SSEN	Network Operator
Workgroup Member	Ross Wolhuter	Eden Renewables	Developer
Workgroup Member	Sam Aitchison	Island Green Power	Generator
Workgroup Member	Sarah Lightfoot	Root-Power	Generator
Workgroup Member	Simon Wragg	Ethos Green Energy Solutions Ltd	Developer
Workgroup Member	Tom Palmer	Zenobe	Generator
Observer	Andrew Willis	Kona Energy	Generator
Observer	Barney Smeaton	Immersa	Developer
Observer	Hazel Starmer-Jones	BW ESS	Developer
Observer	Kim Dawson	SPEN	Network Operator
Observer	Mark Lawrence	Conrad Energy	Generator
TBC	Matthew Paige-Stimson	NGET	Onshore Transmission Licensee
Observer	Olly Frankland	Electricity Storage Network	Industry Body

Workgroup Membership

Role	Name	Company	Industry Sector
Observer	Bethany Garry	DESNZ	Government Observer
Authority Rep	Shabana Akhtar	Ofgem	Authority Representative

Objectives and Timeline

Claire Goult – NESO Code Administrator



Urgent Timeline

Objectives

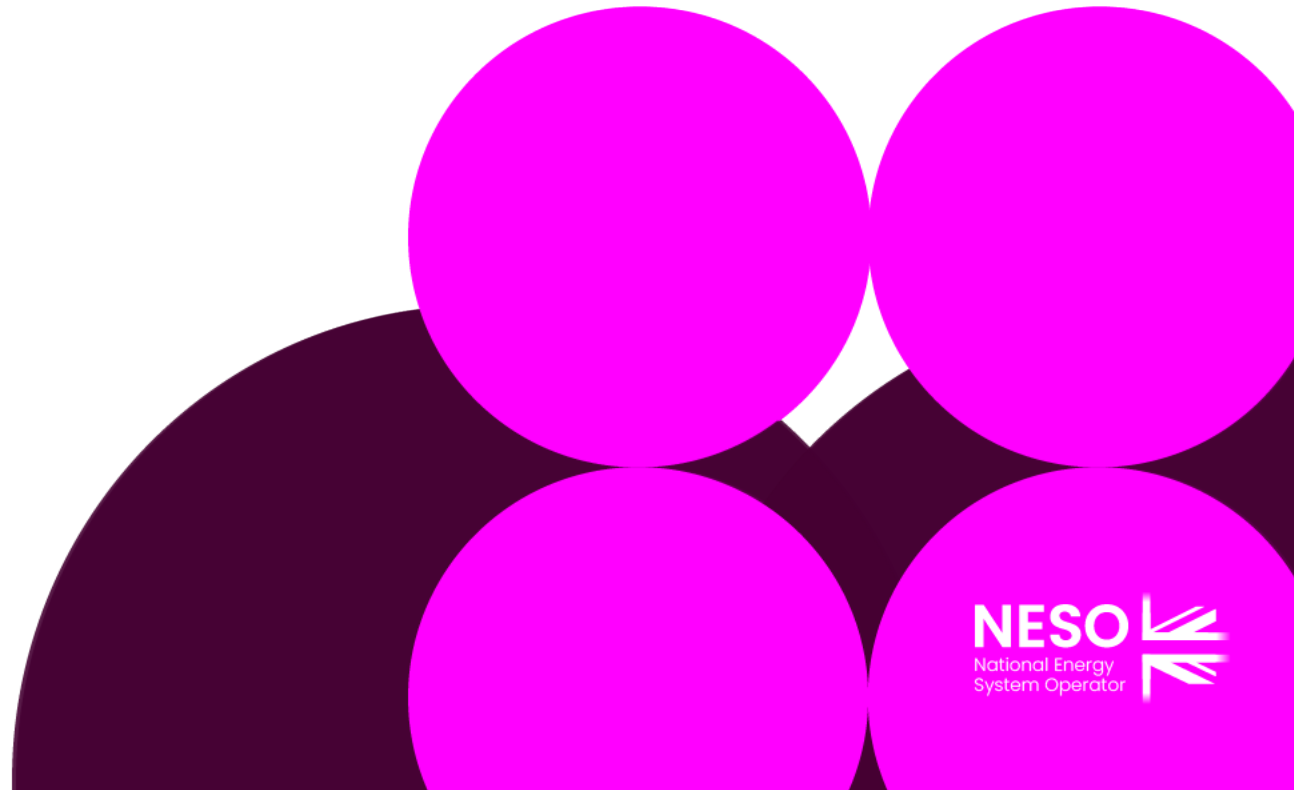
To discuss possible alternatives and finalise the consultation

Urgent Timeline for CMP470 as of 10 April 2026

Workgroups		
Workgroup 1	10 April 2026	Proposer's presentation
Workgroup 2	14 April 2026	Solution Update/Alternatives
Workgroup 3	16 April 2026	Alternatives/Consultation questions
Workgroup 4	21 April 2026	Finalise WG Consultation
Workgroup Consultation	24 April 2026 to 30 April 2026 (4 Business Days due to Urgency)	
Workgroup 5	06 May 2026	Review consultation responses
Workgroup 6	12 May 2026	Alternative Discussion
Workgroup 5	14 May 2026	Review and Finalise Legal Text
Workgroup 6	19 May 2026	Finalise Report/Workgroup Vote
Post Workgroups		
Workgroup Report to Panel	28 May 2026	Special Panel 5 June 2026
Code Administrator Consultation	08 June 2026 – 15 June 2026 (5 Business Days due to Urgency)	
Draft Final Modification Report to Panel	18 June 2026	Panel on 26 June 2026
Final Modification Report to Ofgem	30 June 2026	Decision TBC
Implementation Date	01 January 2027	Proposers Request

Query Log Update – Securities Questions & Response

Deepak Solanki – NESO SME



TO position on 'Pragmatic Approach' referred to in [Ofgem/DESNZ Open Letter](#)

Gareth Williams

What is meant by 'pragmatic approach'?

Open Letter Reference: *"Once offers are issued, we expect network companies to take a pragmatic approach to network build in delivering connections, reflecting the current surplus and likely attrition, and to assess funding commitments accordingly."*

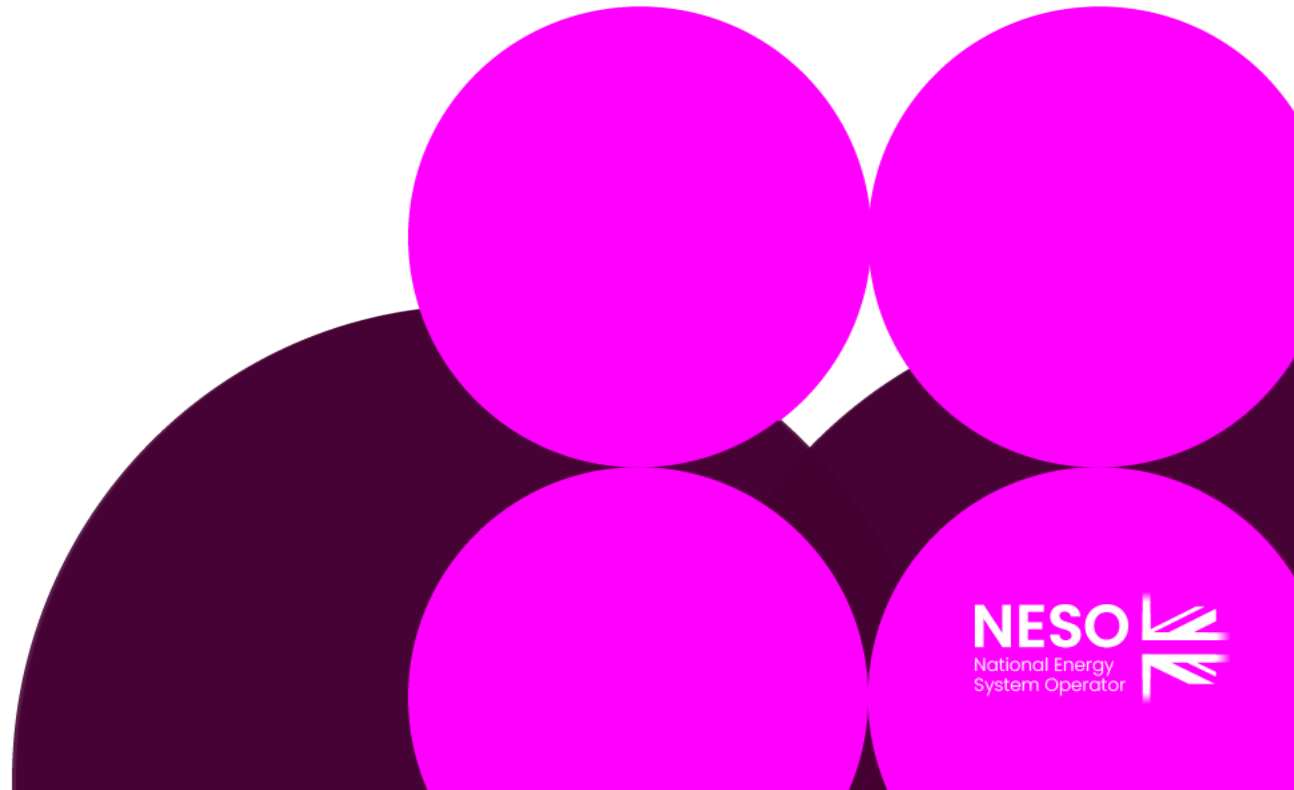
From a TO perspective, we would be expected to comply fully with our licence obligations and not be asked to arbitrarily follow vague notions on what projects we should be prioritising.

Our licence obligations in this regard are:

1. We are required to offer.
2. Commit to the necessary connection and reinforcement works (in a timely manner).
3. Do not discriminate between parties.
4. TOs are also mindful of the T3 Connections Incentive and direction of travel in the End-to-End Review, all on the timely delivery of offers.

Proposer's Update

Andrew Enzor – Field Energy



Introducing an Oversubscribed Technologies Commitment Fee

CMP470 Workgroup 4

Level

- Suggestion in last workgroup to cap the level the securities floor proportional to the maximum level of securities for individual projects
- We tentatively support this for increments in the OTCF, but would like to see data from NESO first on the distribution of maximum cancellation charge (and securities) faced by projects. We understand NESO is working on this

Our suggestion for workgroup consideration:

- Activation: securities floor set at £3k/MW for all projects
- Increment 1: securities floor rises to £5k/MW for all projects
- Increment 2: securities floor moves to the lower of:
 - £10k/MW
 - The higher of the project's maximum securities and/or a fixed proportion of maximum cancellation charge, or £5k/MW
- Increment 3: securities floor moves to the lower of:
 - £15k/MW
 - The higher of the project's maximum securities and/or a fixed proportion of maximum cancellation charge, or £5k/MW
- Continues up to an absolute cap of £25k/MW

Examples

- Project 1: spare bay, maximum securities £1k/MW
- Project 2: substation extension, maximum securities £8k/MW
- Project 3: new substation or long circuit, maximum securities £18k/MW

OTCF Round	Uncapped OTCF	Project 1 Capped OTCF	Project 2 Capped OTCF	Project 3 Capped OTCF
Initial application	£3k/MW	£3k/MW	£3k/MW	£3k/MW
Increment 1	£5k/MW	£5k/MW	£5k/MW	£5k/MW
Increment 2	£10k/MW	<i>£5k/MW</i>	£8k/MW	£10k/MW
Increment 3	£15k/MW	<i>£5k/MW</i>	<i>£8k/MW</i>	£15k/MW
Increment 4	£20k/MW	<i>£5k/MW</i>	<i>£8k/MW</i>	£18k/MW
Increment 5	£25k/MW	<i>£5k/MW</i>	<i>£8k/MW</i>	<i>£18k/MW</i>

Co-location

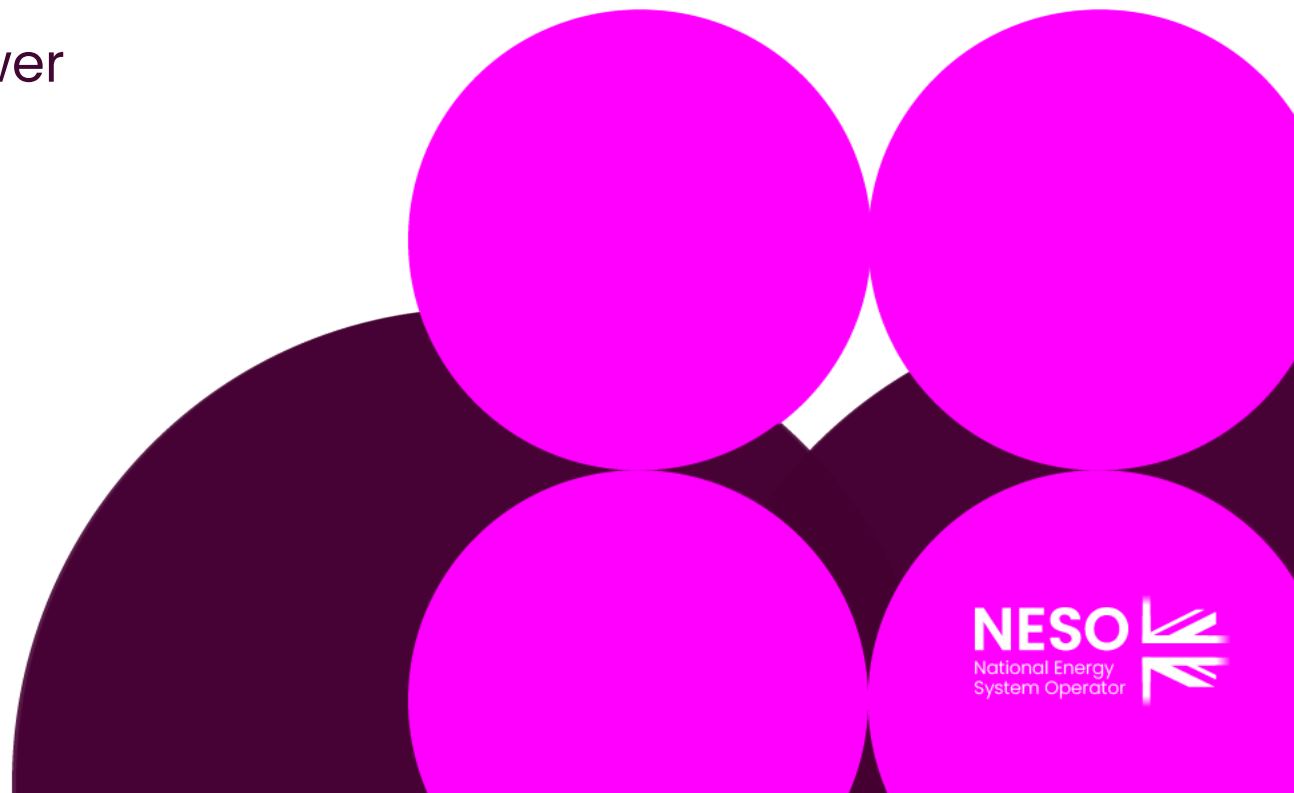
- Suggestion to exempt some co-located projects (previously discussed) which we remain minded to adopt. That would mean:
- The OTCF will apply to all projects which include the oversubscribed technology, including those which co-locate the oversubscribed technology with another technology which is not oversubscribed, unless:
 - The oversubscribed technology is due to connect after the other technology
 - The addition of the oversubscribed technology has minimal network impact, identified by no additional attributable works or connection costs
- Exempt projects would still be included in the calculation of oversubscription and change over time
- To validate this approach, we have asked NESO to split the 83GW Gate 2 queue into:
 - Standalone
 - Co-located where the energisation date of both technologies are the same, or the BESS is before the other technology
 - Co-located where the energisation date of the BESS is later than the other technology
- Discussion point - is a minimum lag required where BESS behind the other technology to avoid a gaming risk?

Key design parameters - summary

Design parameter	As presented in proposal	Intended updated to Original solution
Activation and deactivation thresholds	<ul style="list-style-type: none"> Activated at 50% oversubscription Deactivated at 25% oversubscription 	No change to percentages Addition of minimum 5GW capacity target
National or regional application	National	No change
Timing	Start: <ul style="list-style-type: none"> For G2tWQ offers - from implementation, i.e. in Oct 2027 For new Gate 2 Offers thereafter, from acceptance of offer End: energisation.	No change, but note implementation pushed back to July 2027 since initial submission
Application method	Floor to securities	No change
Level of the securities floor	£10k/MW initially Increasing by £5k/MW if oversubscription falls by less than 25%, up to a cap of £25k/MW	£3k/MW initially Increasing if oversubscription falls by less than 25%, to £5k/MW initially and then in £5k/MW increments up to a cap of £25k/MW
Application to co-located projects	Applies to projects which include the oversubscribed technology based on the lower of TEC and installed capacity of the oversubscribed technology	Detail to be developed, but likely to include carveout for projects with BESS being added to another technology and with minimal network impact
Interaction with the PCF	In theory applies in addition to PCF. In practice very unlikely that both will apply to the same project	No change, applies on top of PCF but propose to clarify as floor to total securities (including PCF), so if securities with PCF are already above floor, OTCF has no impact
Treatment of OTCF collections	Returned to consumers via TNUoS	No change
Option for NESO to implement or not (with Ofgem overrule)	No	Yes

Alternative Request 1 – Alternative Implementation Date

Sarah Lightfoot and Neil Brooks – Root-Power



What is the proposed alternative solution?

This alternative relates to the 'timing' design parameter and proposes to delay the start date (the point at which the fee becomes payable) in the following manner:

- For Gate 2 to Whole Queue (G2TWQ) offers: Delay to **March 2028**, 1 year from final issuing of Gate 2 offers.
- For New Gate 2 Offers thereafter: Delay to 1 year from acceptance of Gate 2 offer.

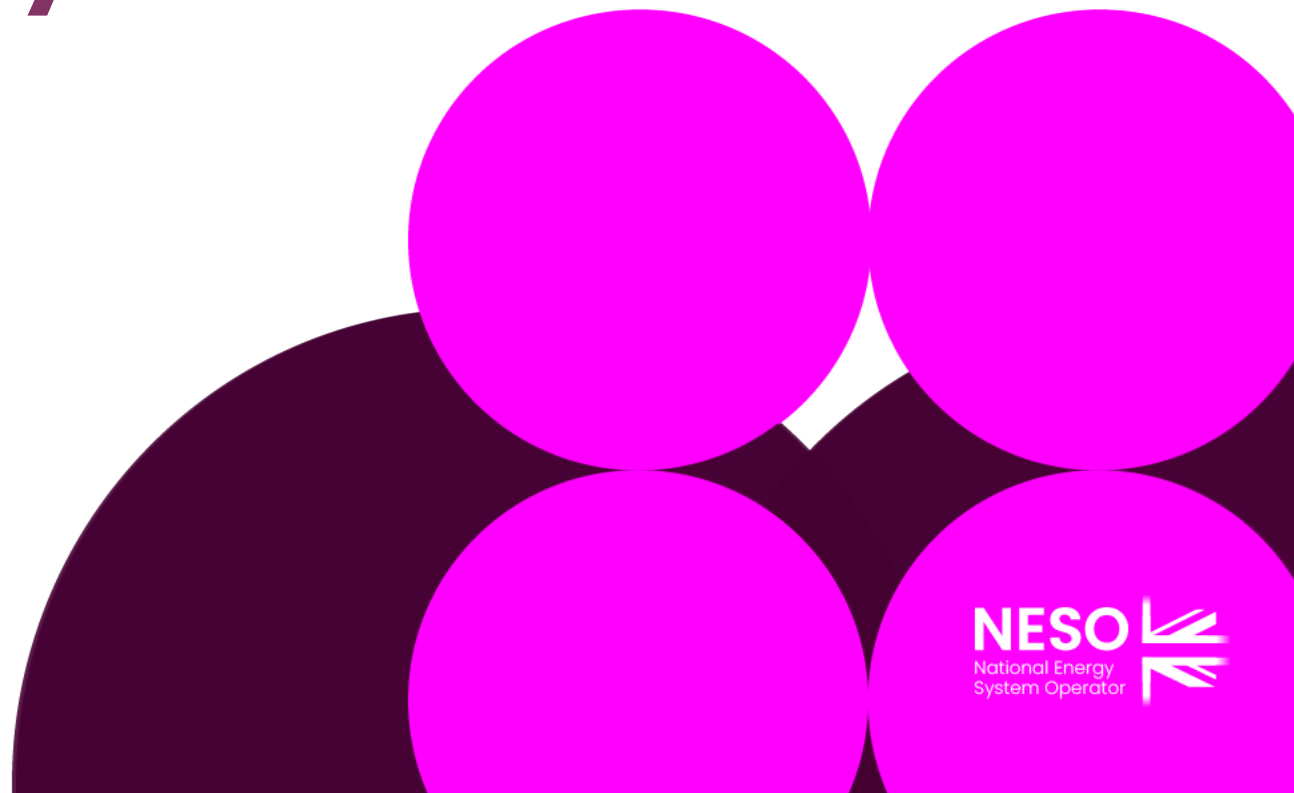
The objective of the CMP470 proposal is to remove unviable projects from the queue and deal with the issue of oversubscription of Battery Energy Storage Systems (BESS) in the network. It proposes to achieve this by applying an Oversubscribed Technologies Commitment Fee (OTCF) shortly after issuance of the Gate 2 offer.

This alternative proposes to delay the point at which the OTCF becomes payable. This is to allow sufficient time for the following:

- 1. Natural Queue Attrition to occur**
- 2. For flexible connection assessments to be completed**
- 3. Urgency**

Alternative Request 2 – Alternative Fixed One-off Security

Nathan Stevenson – Firstway Energy



What is the proposed alternative solution?

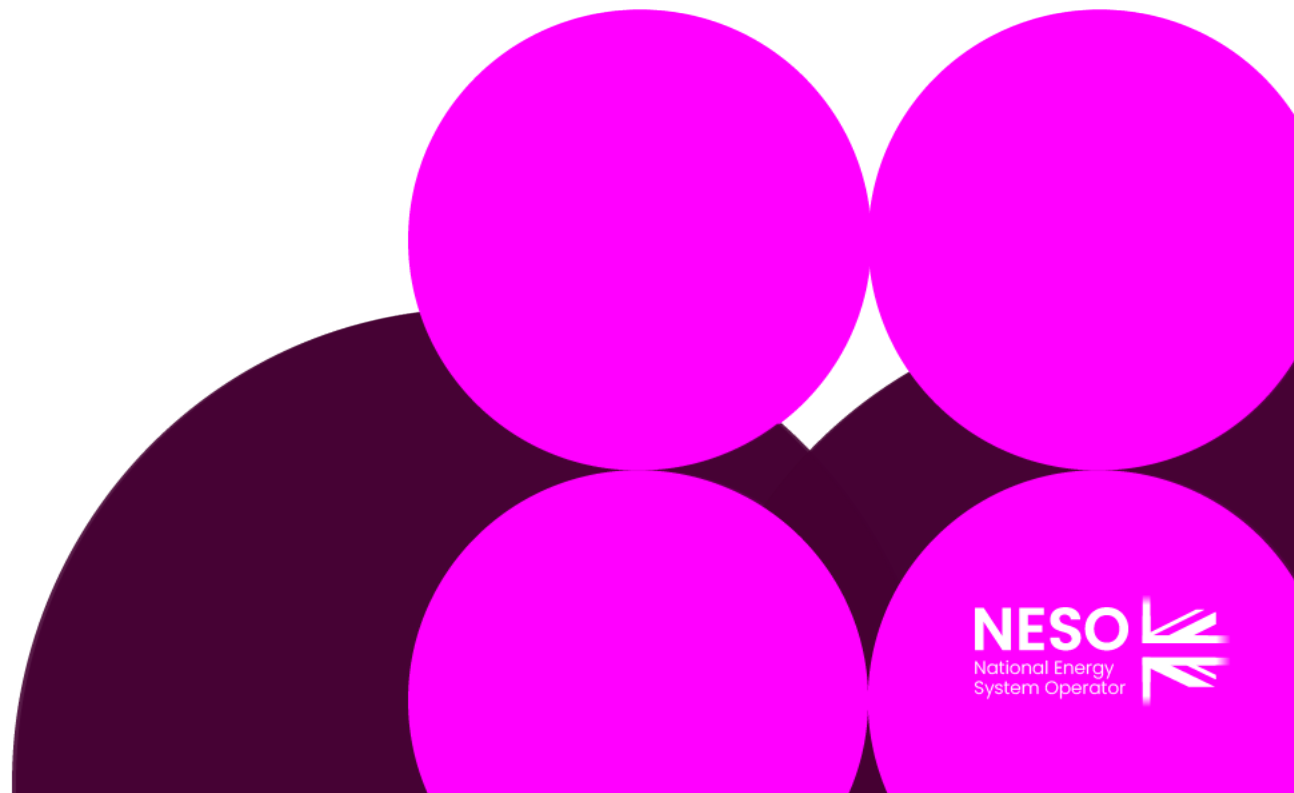
This alternative request seeks to establish a fair and proportionate balance of risk, whilst seeking to reduce the queue and also to simplify a process which is becoming overly complex and overly regulated.

The proposal is as follows:

1. Single one off payment applicable to all Gate 2 projects regardless of being in the oversubscribed queue;
2. Capped at £1.5k/MW applicable to all Gate 2 projects regardless of being in the oversubscribed queue;
3. The fee becomes payable 9 months from receipt of Gate 2 offer again, applicable to all projects; and
4. Fully refundable on energisation

Alternative Comparison Table

Claire Goult – NESO Code Administrator



Alternative 1 Comparison Table

Design Parameter	Original (Updated as of 20 April)	Alternative 1
1. Activation and deactivation thresholds	<ul style="list-style-type: none"> Activated at 50% oversubscription and national capacity target >5GW Deactivated at 25% oversubscription 	No change
2. National or regional application	National	No change
3. Timing	<p>Start:</p> <ul style="list-style-type: none"> For G2tWQ offers - from implementation, i.e. in Oct 2027 For new Gate 2 Offers thereafter, from acceptance of offer <p>End: energisation.</p>	<p>CHANGE:</p> <ul style="list-style-type: none"> For G2tWQ offers – 12 months from final issuing of Gate 2 offers (to be implemented ~March 2028) For new Gate 2 Offers thereafter, 12 months from acceptance of offer <p>NO CHANGE:</p> <ul style="list-style-type: none"> End: energisation. Note implementation pushed back to July 2027 since initial submission.
4. Application Level	Floor to securities	No change
5. Level of the securities floor	£3k/MW initially, increasing if oversubscription falls by less than 25%, to £5k/MW initially and then in £5k/MW increments up to a cap of £25k/MW	No change
6. Application to co-located projects	<p>Applies to projects which include the oversubscribed technology based on the lower of TEC and installed capacity of the oversubscribed technology except where</p> <ul style="list-style-type: none"> The oversubscribed technology is due to connect after the other technology The addition of the oversubscribed technology has no attributable works or connection costs 	No change
7. Interaction with the PCF	Applies on top of PCF but as floor to total securities (including PCF), so if securities with PCF are already above floor, OTCF has no impact	No change
8. Treatment of OTCF collected	Returned to consumers via TNUoS	No change
9. Option for NESO to implement or not (with Ofgem overrule)	Yes, with Ofgem option to overrule	No change
Implementation Approach	<p>Implemented in first biannual securities statement after both:</p> <ul style="list-style-type: none"> All offers from G2tWQ have either been signed or lapsed All offers from the first Gated Application Window have either been signed or lapsed 	No change

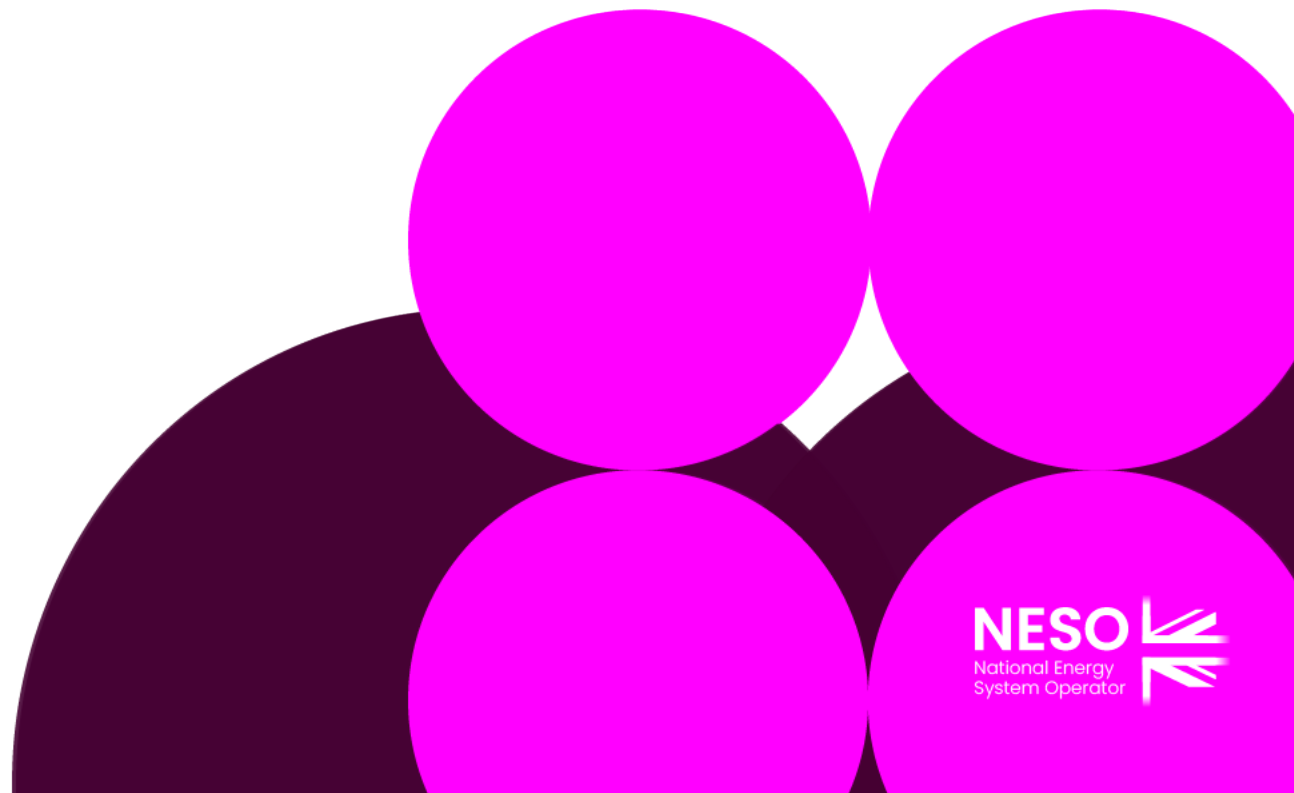
Alternative 2 Comparison Table

Design Parameter	Original (Updated as of 20 April)	Alternative 2
1. Activation and deactivation thresholds	<ul style="list-style-type: none"> Activated at 50% oversubscription and national capacity target >5GW Deactivated at 25% oversubscription 	A single one-off payment applicable to all Gate 2 Projects
2. National or regional application	National	No change
3. Timing	<p>Start:</p> <ul style="list-style-type: none"> For G2tWQ offers - from implementation, i.e. in Oct 2027 For new Gate 2 Offers thereafter, from acceptance of offer <p>End: energisation.</p>	To be payable 9 months from date of receipt of Gate 2 Offer
4. Application Level	Floor to securities	No change
5. Level of the securities floor	£3k/MW initially, increasing if oversubscription falls by less than 25%, to £5k/MW initially and then in £5k/MW increments up to a cap of £25k/MW	Fixed security of £1.5k/MW
6. Application to co-located projects	<p>Applies to projects which include the oversubscribed technology based on the lower of TEC and installed capacity of the oversubscribed technology except where</p> <ul style="list-style-type: none"> The oversubscribed technology is due to connect after the other technology The addition of the oversubscribed technology has no attributable works or connection costs 	No change
7. Interaction with the PCF	Applies on top of PCF but as floor to total securities (including PCF), so if securities with PCF are already above floor, OTCF has no impact	No change
8. Treatment of OTCF collected	Returned to consumers via TNUoS	Refundable on energisation
9. Option for NESO to implement or not (with Ofgem overrule)	Yes, with Ofgem option to overrule	No change
Implementation Approach	<p>Implemented in first biannual securities statement after both:</p> <ul style="list-style-type: none"> All offers from G2tWQ have either been signed or lapsed All offers from the first Gated Application Window have either been signed or lapsed 	No change

OTCF, CMP192, & Alternative Request 1 Comparison

Worked Example

Dennis Gowland



Example Securities demanded:

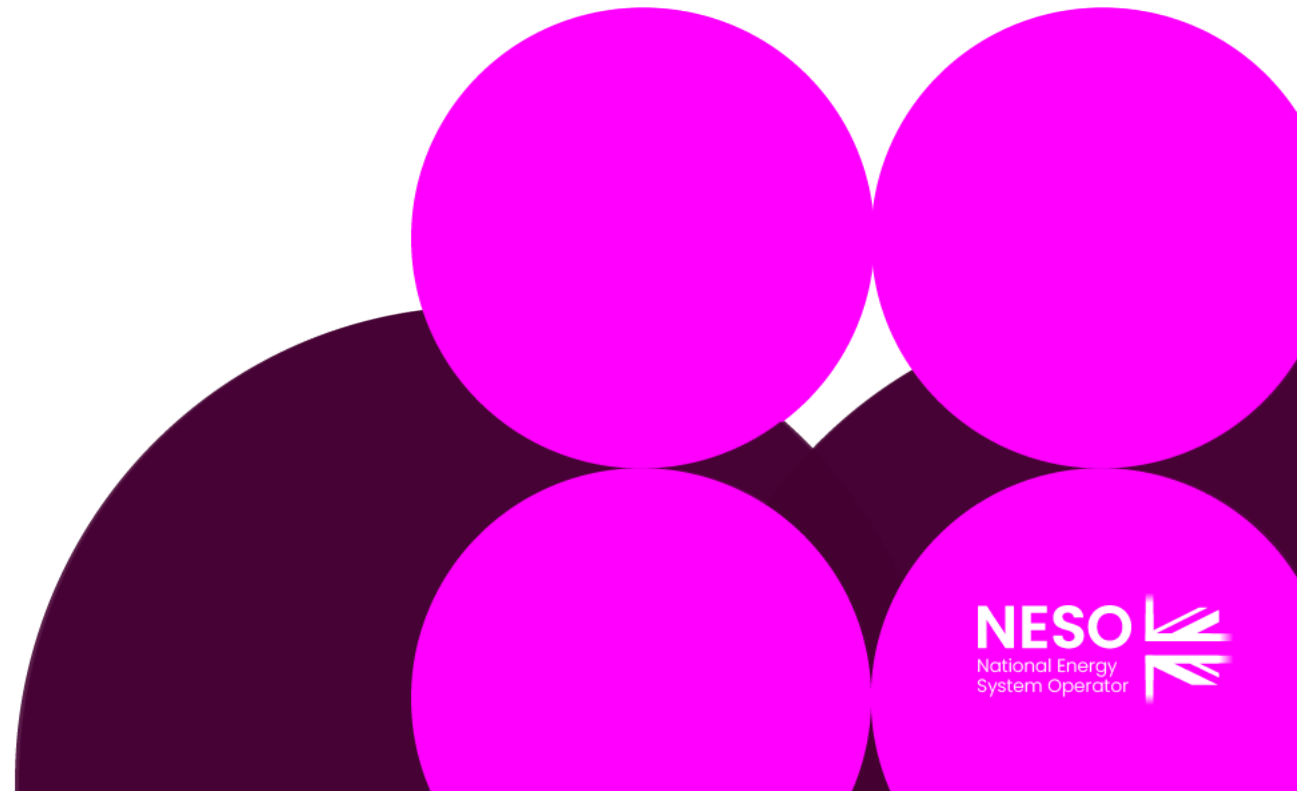
Project BESS 50MW (no co-locating) signing gate 2 at 2026 Q3 connecting 2033 Q1. Planning Application submitted at Gate 2 signing.

Project opts for fixed under CMP192 with total liability of £20m

Securities date	CMP 192 liabilities	Securities post planning consent (T-connected) 10% £k/MW	Add OTCF (original – worst case) CMP192 + Delta £k/MW	OTCF Alt 1 £k/MW	Securities post planning consent (D-connected) 26% £k/MW	Add OTCF (original – worst case) CMP192 + Delta £/MW (Max 25K/MW)	OTCF Alt 1	Original OTCF Bands
2026 Q3	£1k/MW	£1k/MW	£0k	£0k	£1k	£0K	£0	£0
2027 Q1			£0k	£0k		£0K	£0	£0
2027 Q3	2k/MW	2k/MW	£1k	£0k	£2k	£1K	£0	£3k
2028 Q1			£3k	£1k		£3K	£1k	£5k
2028 Q3	£3k/MW	£3K	£7k	£2k	£3k	£7K	£2k	£10k
2029 Q1		3k/MW	£12k	£7k		£12K	£7k	£15k
2029 Q3	£5m (£100k/MW)	£10k	£10k	£5k	£26k	£0	£0	£20k
2030 Q1			£15k	£10k		£0	£0	£25k
2030 Q3	£10M (£200k/MW)	£20k	£5k	£5k	£52k	£0	£0	£25k
2031 Q1			£5k	£5k		£0	£0	£25k
2031 Q3	£15m (300k/MW)	£30k	£0	£0	£78k	£0	£0	£25k
2032 Q1			£0	£0		£0	£0	£25k
2032 Q3	£20m (400k/MW)	£40k	£0	£0	£104k	£0	£0	£25k
2033 Q1			£0	£0		£0	£0	£25k

Possible Workgroup Alternative Vote

Claire Goult – NESO Code Administrator



What is the Alternative Request?

What is an Alternative Request? The formal starting point for a Workgroup Alternative Modification to be developed which can be raised up until the Workgroup Vote.

What do I need to include in my Alternative Request form? The requirements are the same for a Modification Proposal you need to articulate in writing:

- a description (in reasonable but not excessive detail) of the issue or defect which the proposal seeks to address compared to the current proposed solution(s);
- the reasons why you believe that the proposed alternative request would better facilitate the Applicable Objectives compared with the current proposed solution(s) together with background information;
- where possible, an indication of those parts of the Code which would need amending in order to give effect to (and/or would otherwise be affected by) the proposed alternative request and an indication of the impacts of those amendments or effects; and
- where possible, an indication of the impact of the proposed alternative request on relevant computer systems and processes.

How do Alternative Requests become formal Workgroup Alternative Modifications? The Workgroup will carry out a Vote on Alternatives Requests. If the majority of the Workgroup members or the Workgroup Chair believe the Alternative Request will better facilitate the Applicable Objectives than the current proposed Original solution, the Workgroup will develop it as a Workgroup Alternative Modification.

Who develops the legal text for Workgroup Alternative Modifications? NESO will assist Proposers and Workgroups with the production of draft legal text once a clear solution has been developed to support discussion and understanding of the Workgroup Alternative Modifications.

Can I vote? And What is the Alternative Vote?

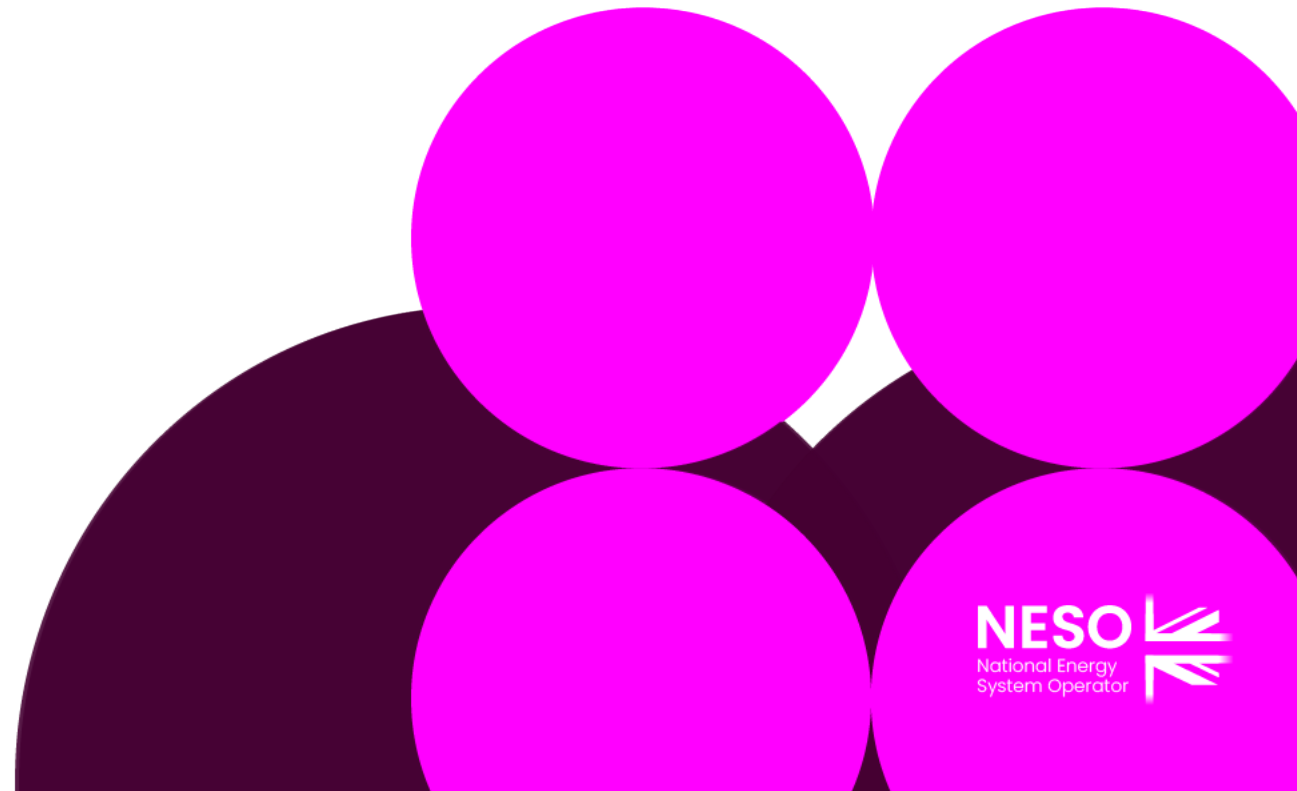
To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided LIVE by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should become Workgroup Alternative CUSC Modifications.
- The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.
- **Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC objectives than the Original then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM)** and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

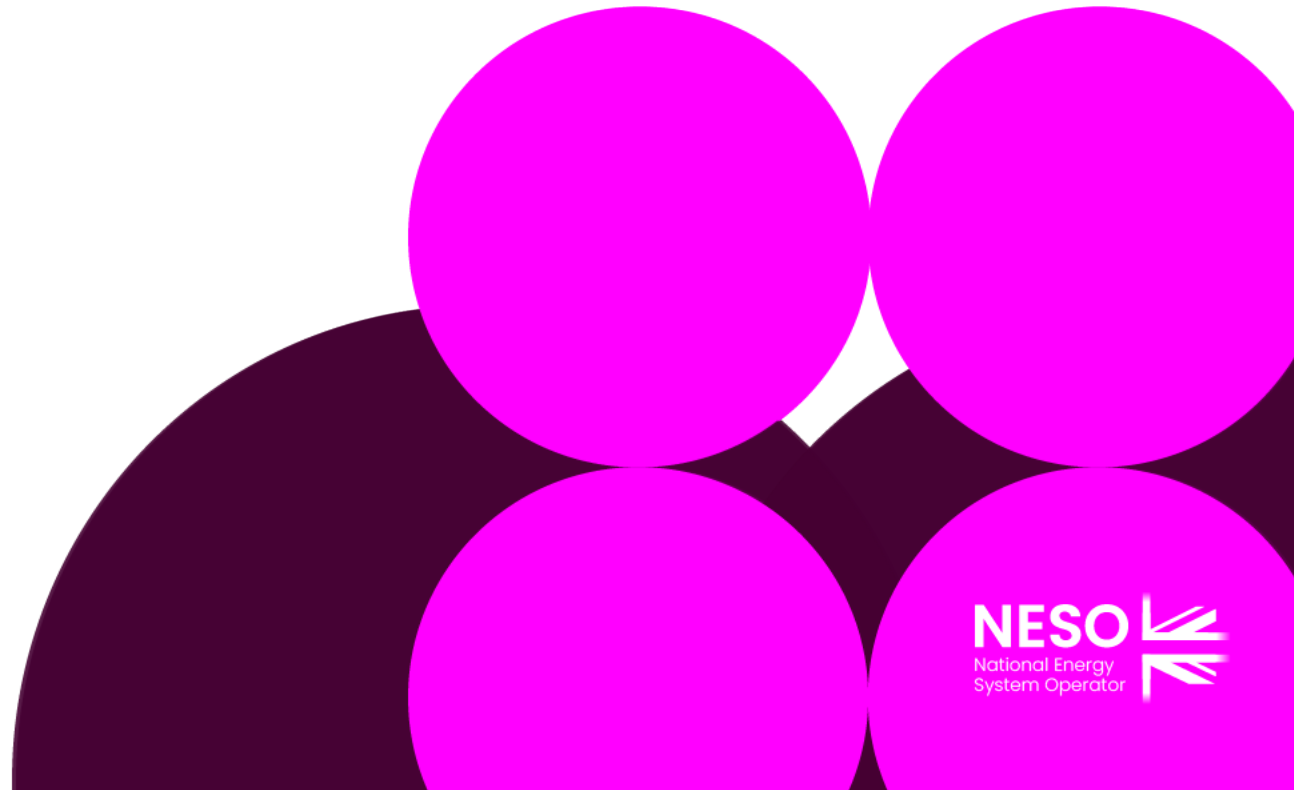
Draft Workgroup Consultation Discussion

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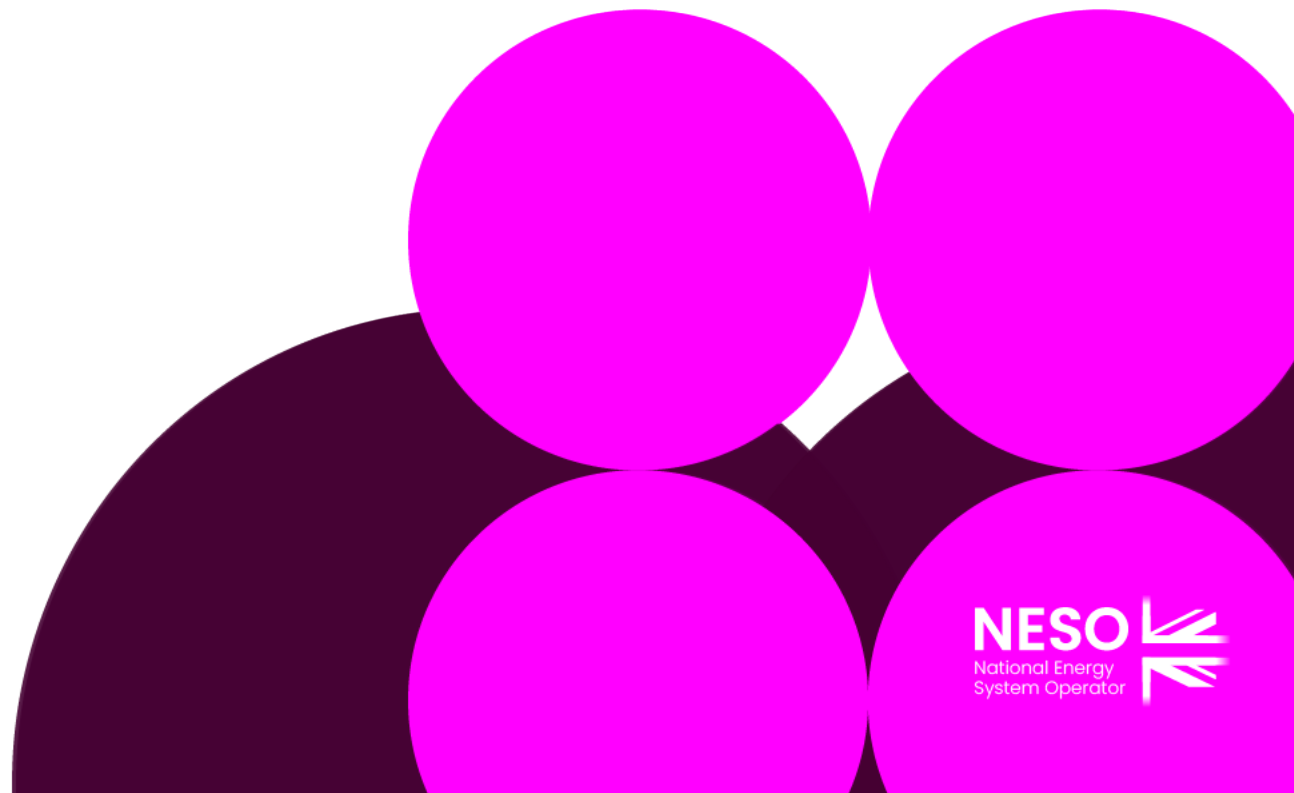
Query Log Update

Claire Goult – NESO Code Administrator



Action Log Update

Claire Goult – NESO Code Administrator



CMP470 Actions Review

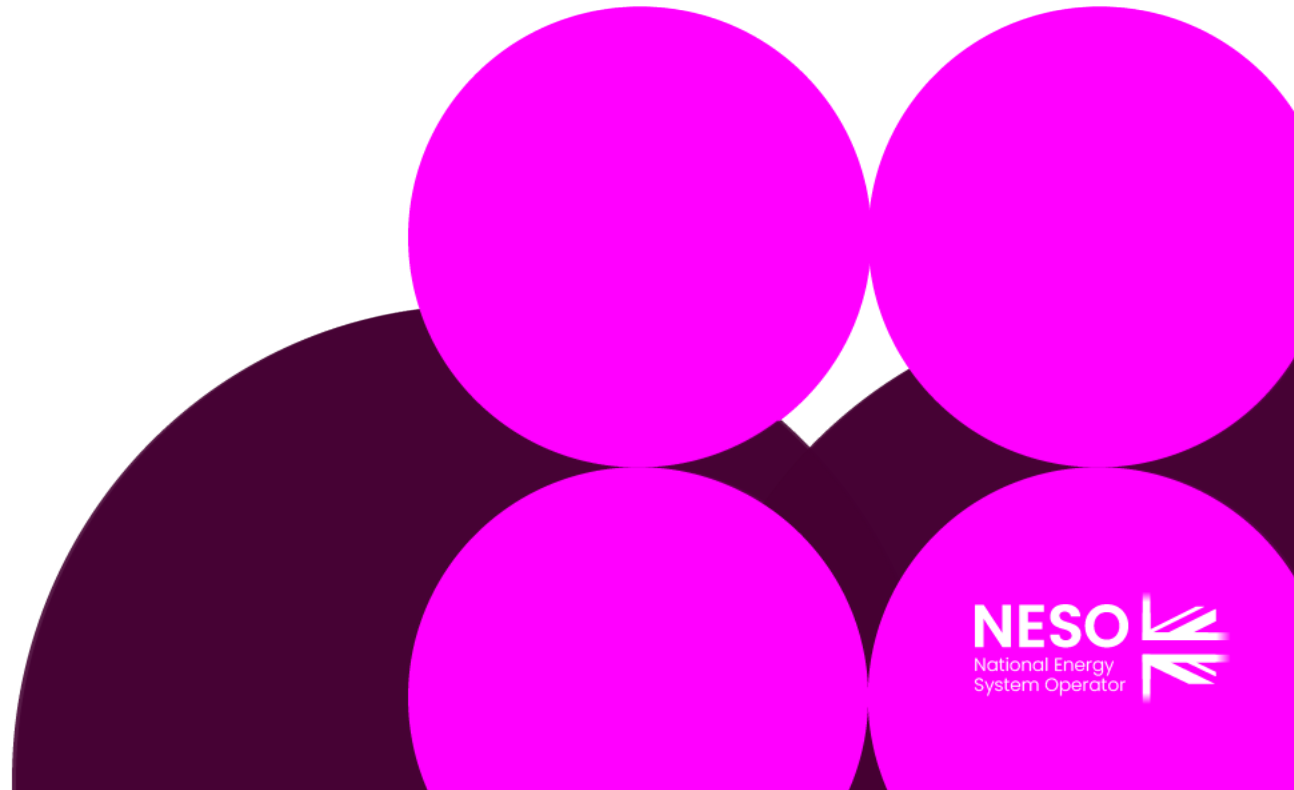
Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
03	WG1	AE/AD	Develop a graphical matrix or overview showing how commitments, liabilities, securities under CMP192, PCF under CMP448, and OTCF interact, including when each kicks in, overlaps, and their impacts	TBC	Open	
04	WG1	AE/AD	Calculate and share a worked example of the quantum of money likely to be involved from the industry if the OTCF proposal is approved, using current queue sizes and developer portfolios	TBC	Open	
05	WG2	AE	Consideration of phased connections	TBC	Open	
06	WG2	AE	Consult with distribution network companies to confirm whether the mechanics of the PCF can be applied to the OTCF without requiring additional code changes and update the Workgroup if this changes.	TBC	Open	
07	WG2	AE	Check the terms of procurement for consultant market models to determine if they can be shared with Ofgem (confidentially) or the Workgroup and provide the names of the consultants if possible.	TBC	Open	
08	WG2	AE/NESO	Request NESO to provide data on the number and value of cancellation charges levied in recent history and the proportion paid in full to inform the decision on whether the OTCF should be securitised in full.	TBC	Open	

CMP470 Actions Review

Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
09	WG2	AE/AD	Coordinate with NESO to estimate the minimum time required for implementation of the OTCF proposal after an Ofgem decision, once the solution is more defined.	TBC	Open	
10	WG2	All	Review and consider whether OTCF should apply to co-located projects where the battery element does not contribute to additional attributable works or network redesign and clarify the subset of projects to which this may apply.	TBC	Open	
11	WG3	TO's/GW	As per the open letter from DESNZ, what constitutes a 'pragmatic approach'.	WG4	Open	

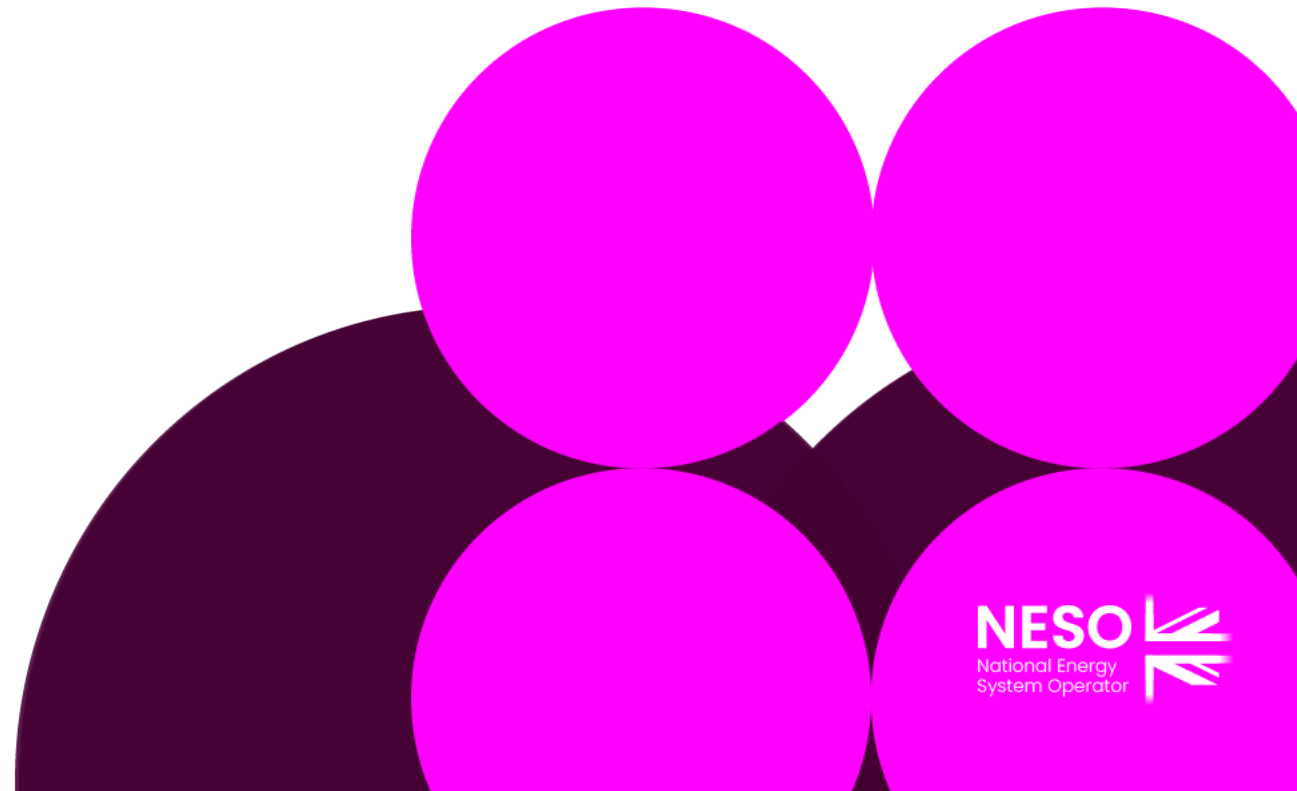
Any Other Business

Claire Goult – NESO Code Administrator

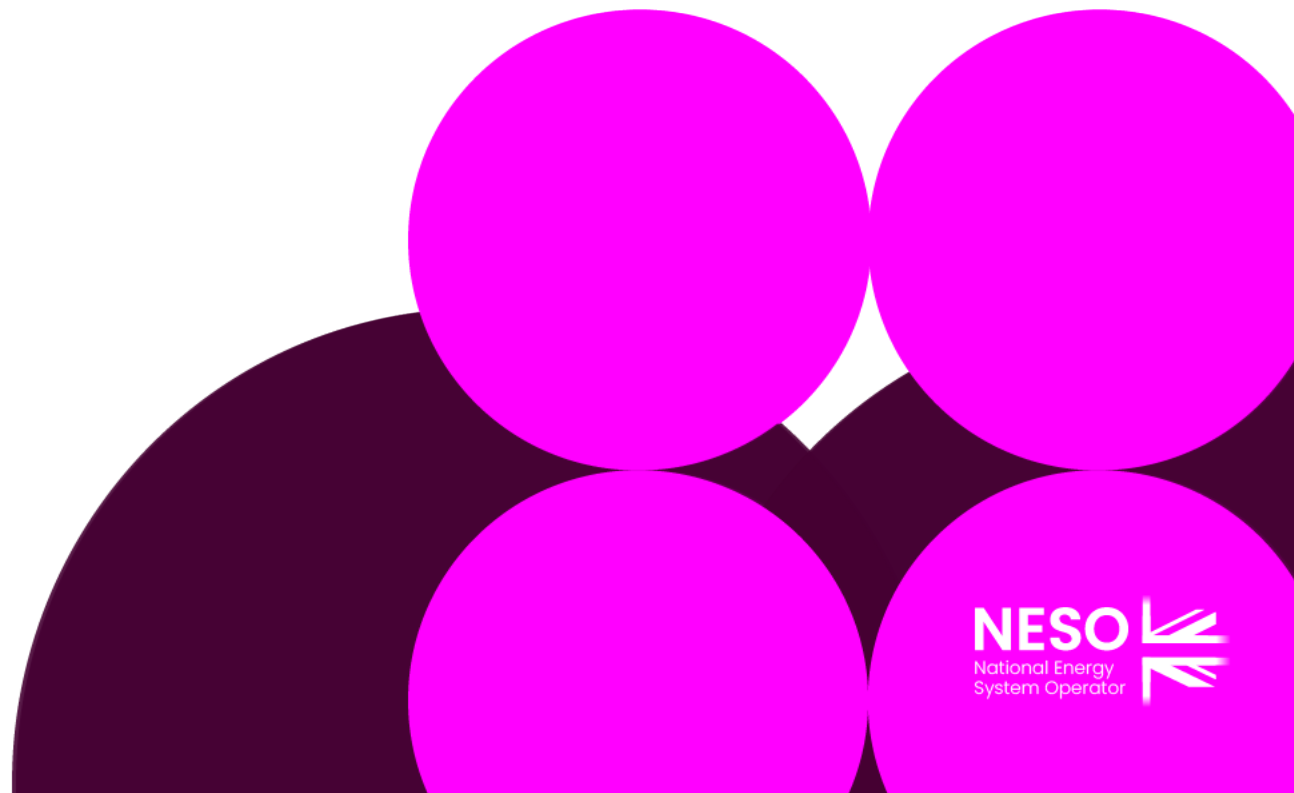


Next Steps

Claire Goult – NESO Code Administrator



Appendix



Terms of Reference

- | |
|---|
| a) Consider EBR implications. |
| b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter. |
| c) Consider how the de-activation process would work |
| d) Consider to whom any funds arising would be paid to, and how, if the OTCF was realised (for relevant projects). |
| e) Consider how the co-location process would be applied where one technology is oversubscribed and the other not. |
| f) Consider how the co-location process would be applied where both technologies are oversubscribed, but one technology was ahead of the other (so the £/MW level is at a different quantum). |
| g) Consider whether the targeted fee facilitates competition by assessing to what extent overall project viability (and hence cost of risk of incurring the fee) is related to economic competitiveness should a project become viable. |
| h) Consider whether the increased costs to Generators will be offset by the benefits in network planning resulting in a net benefit. |
| i) Consider whether the solution/s will bring the connection queue closer to the strategic capacity set out in CP30. |