Public

CMP470: Introducing an Oversubscribed Technologies Commitment Fee

Workgroup Meeting 5
Wednesday 06 May 10am
Online Meeting via Teams

NESO
National Energy System Operator

WELCOME

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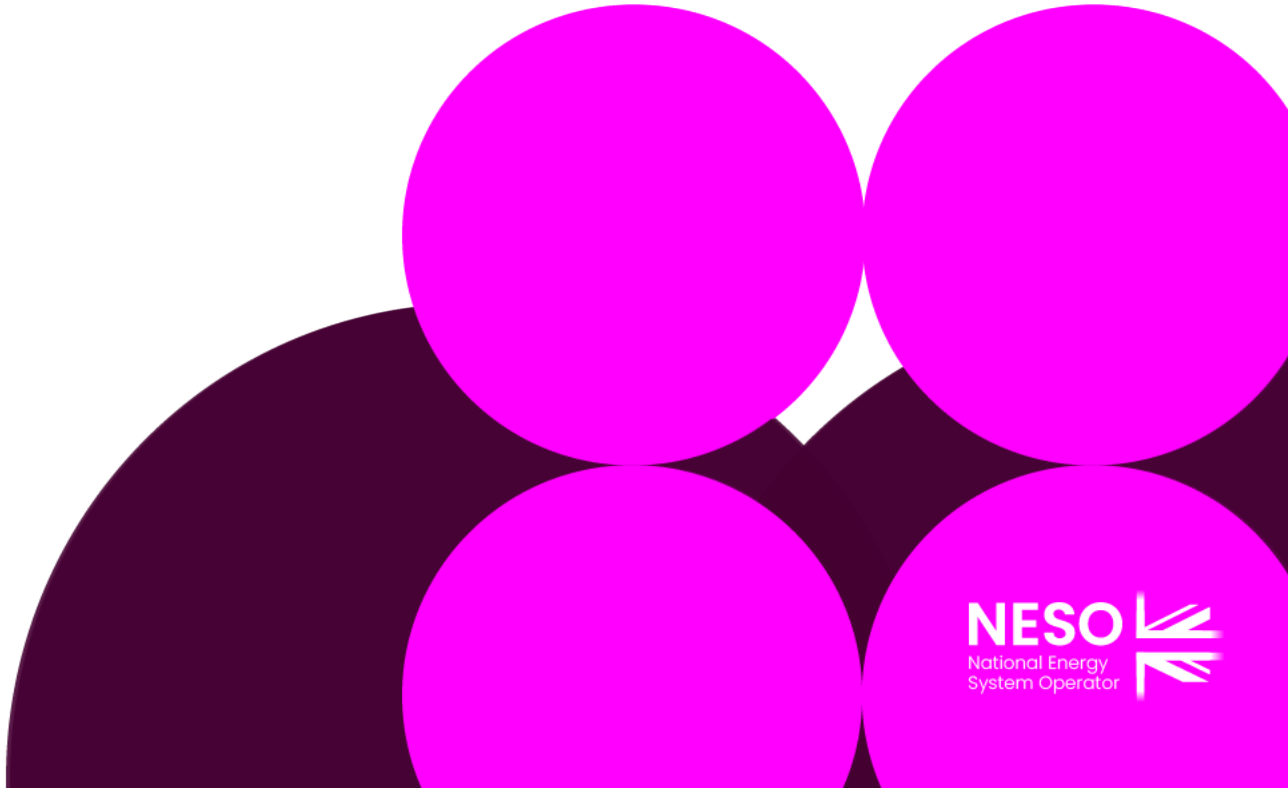
Agenda

Topics to be discussed	Lead
Workgroup Responsibilities and Expectations	Chair
Timeline and Objectives	Chair
Alternative Requests and Workgroup Membership	Chair
Timeline Extension Discussion	Chair
Workgroup Consultation Response Discussion	All
Proposer Update	Proposer
Possible Alternative Request Vote	All
Query Log Update	All
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

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Role	Name	Company	Industry Sector
Workgroup Member	George Radcliffe	Ecoenergy	Generator
Workgroup Member	Grahame Neale	LightsourceBP	Generator
Workgroup Member	Grant Rogers	Q Energy	
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	Matthew Paige-Stimson	NGET	
Workgroup Member	Mithun Suresh	MASDAR	Investor/Developer
Workgroup Member	Navdeep Singh Gora	Northen Powergrid	Network Operator
Workgroup Member	Ollie Easterbrook	National Grid Electricity Distribution plc	Onshore Transmission Licensee
Workgroup Member	Paul Youngman	Drax	Generator

Workgroup Membership

Role	Name	Company	Industry Sector
Workgroup Member	Philip Pateman	Aukera energy	Generator
Workgroup Member	Philip Patrick	Firstway energy	Bess Developer
Workgroup Member	Ravinder Shan	FRV Powertek Limited	Generator
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	Hannah Stanley	Regen	
Observer	Hazel Starmer-Jones	BW ESS	Developer

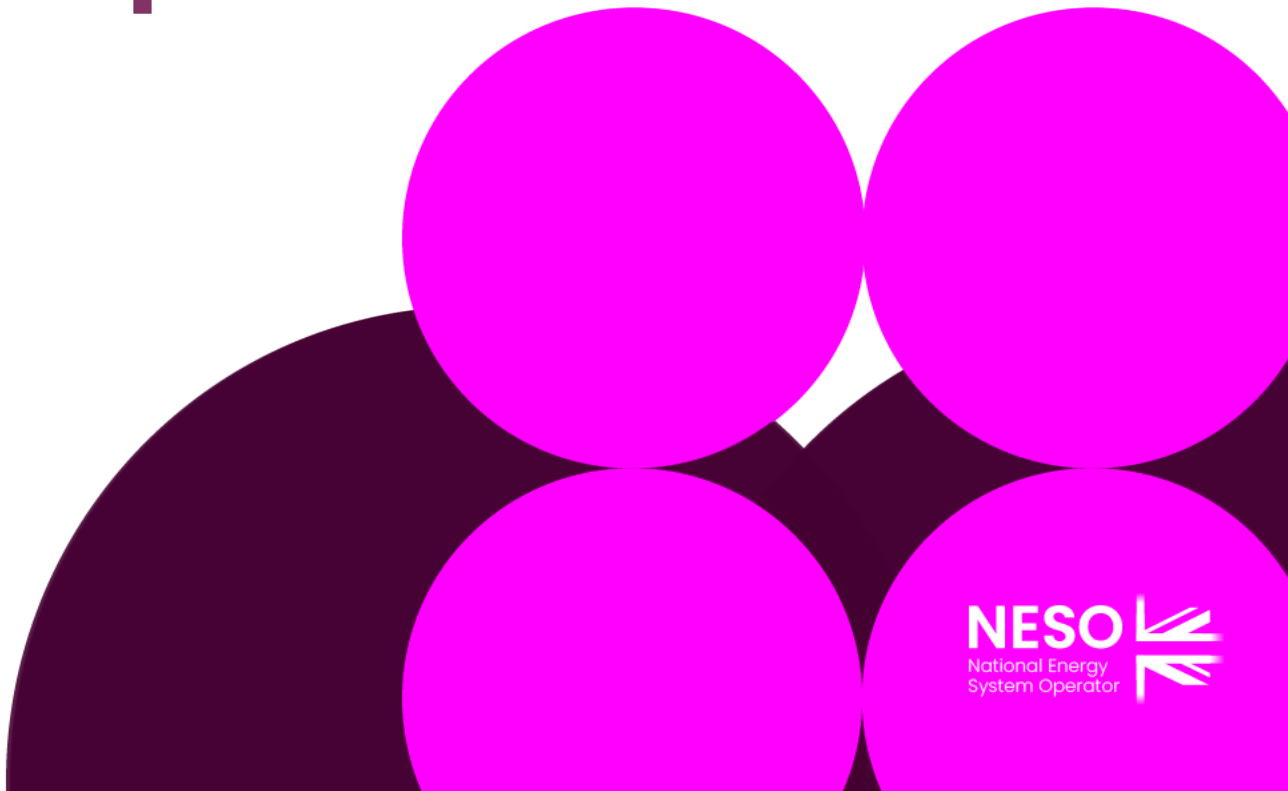
Workgroup Membership

Role	Name	Company	Industry Sector
Observer	Kim Dawson	SPEN	Network Operator
Observer	Mark Lawrence	Conrad Energy	Generator
Observer	Olly Frankland	Electricity Storage Network	Industry Body
Observer	Bethany Garry	DESNZ	Government Observer
Authority Rep	Shabana Akhtar	Ofgem	Authority Representative

Alternative Requests and Workgroup Membership

Claire Goult

NESO Code Administrator



Alternative Requests and Workgroup Membership

Clarification on TO Workgroup Membership following liaison with Ofgem

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

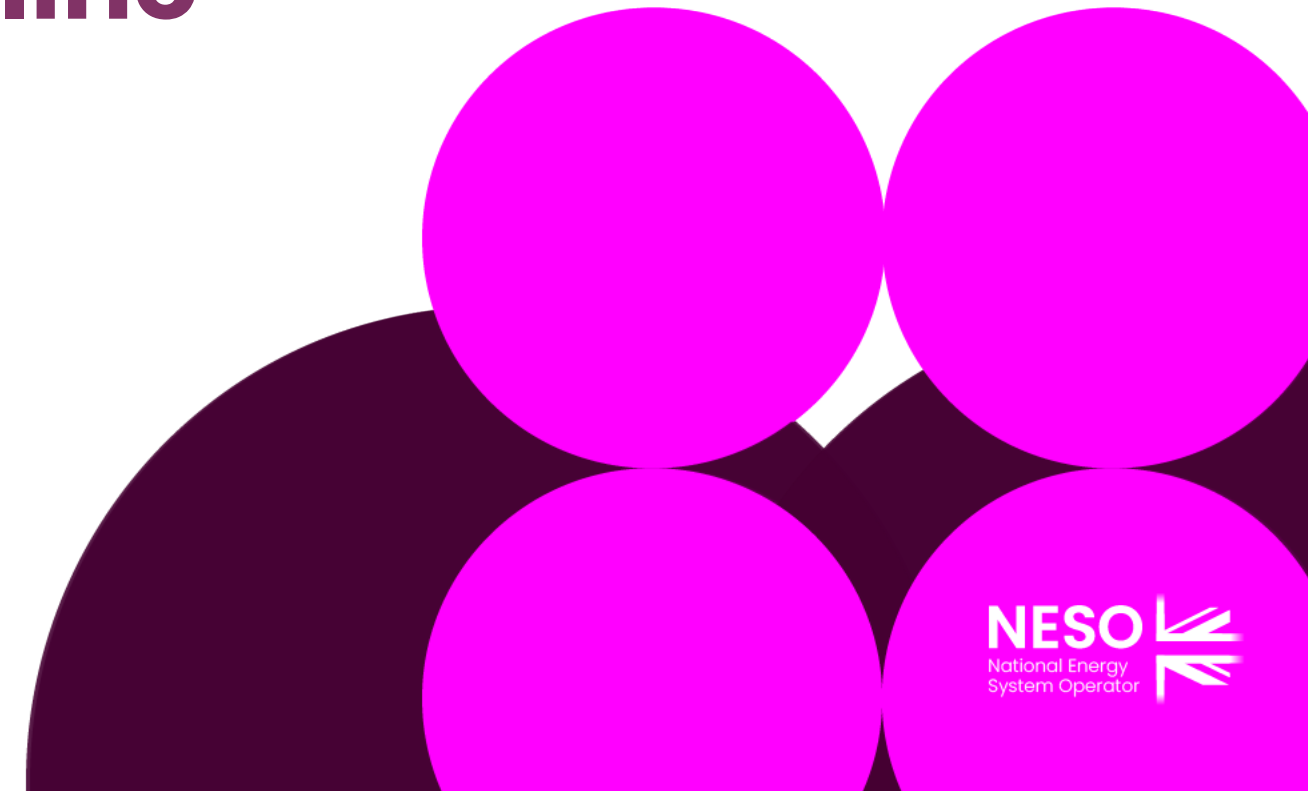
- As NESO is a Party to both the CUSC (as the counterparty to Schedule 1 Users) and the BSC, **it is permissible for NESO to nominate TOs as a Workgroup member** if they have **relevant experience for a modification.** TO's must request this from NESO ahead of workgroups.
- TOs may also wish to seek a **nomination from the STC Panel**, ask to be designated as a **Materially Affected Party by Ofgem**, or to participate in this Workgroup as an **Observer.**
- TO members may be part of the CMP470 modification as workgroup members due to their relevant expertise in the connections space.

Alternative Requests

- 8.20.16 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.
- TOs, **regardless of Workgroup member status, cannot raise an alternative as they are not a CUSC/BSC Party**, but other Workgroup members may wish to raise any ideas expressed by a TO as an alternative following workgroup discussion.

Objectives and Timeline

Claire Goult – NESO Code Administrator



Urgent Timeline

Objectives

To discuss workgroup consultation responses and any possible new alternatives

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/Vote
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

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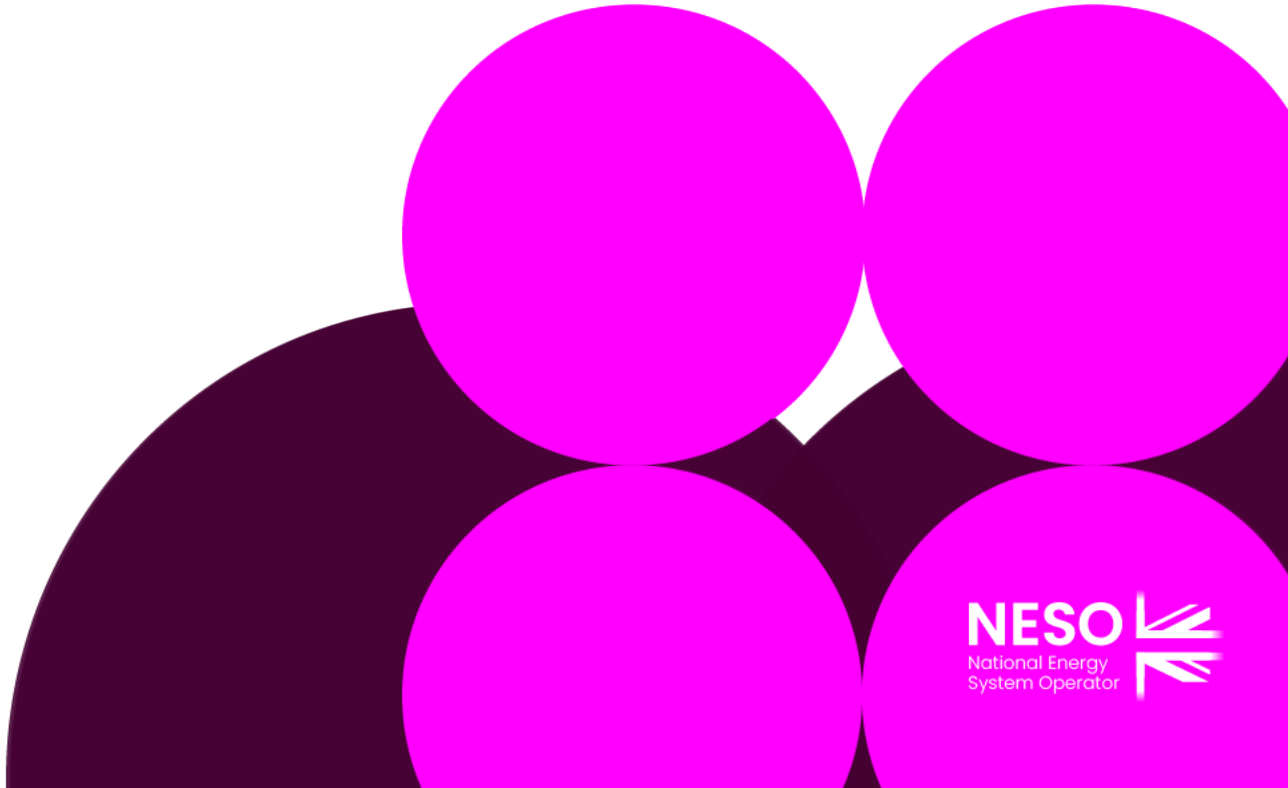
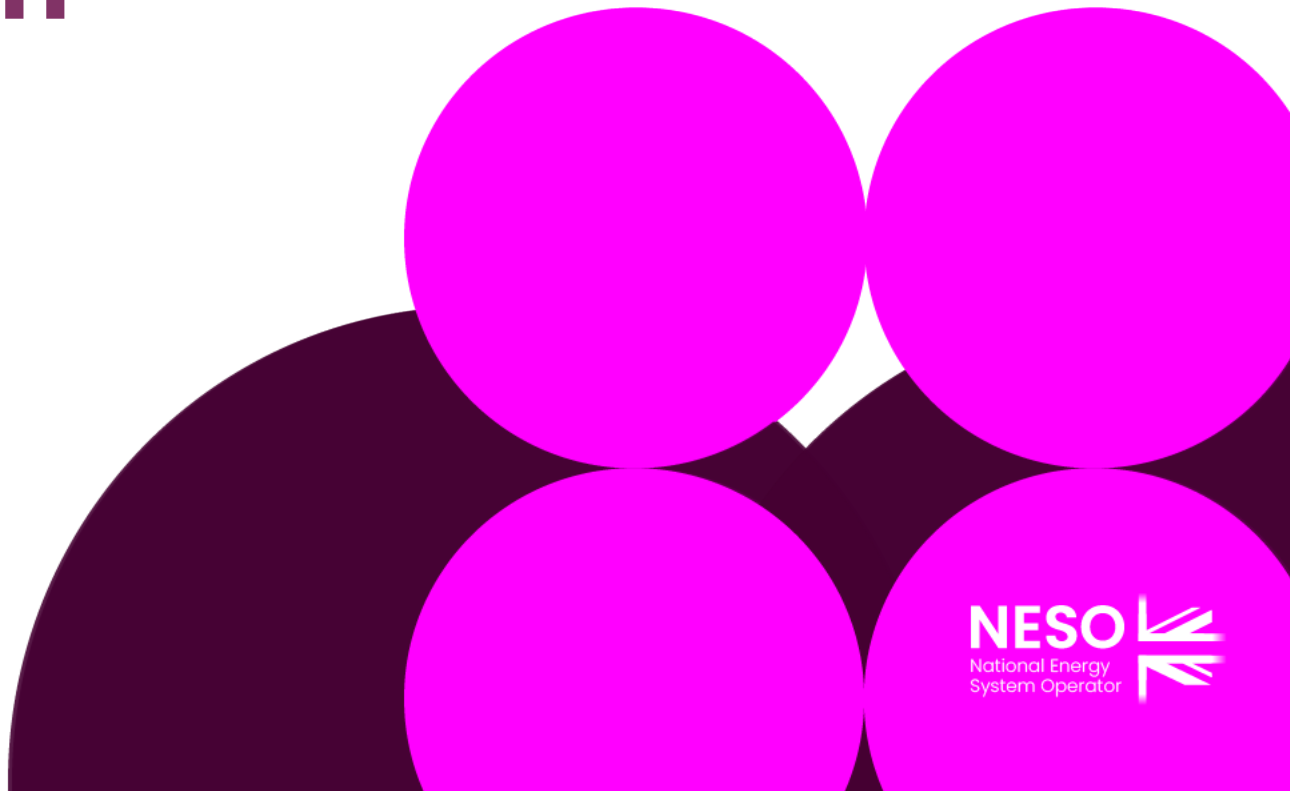
Timeline Extension Discussion

Claire Goult – NESO Code Administrator



Workgroup Consultation Responses Discussion

Claire Goult – NESO Code Administrator



Respondents

How many responded?

Who Responded?

The CMP470 Workgroup Consultation ran from 24 April 2026 to 30 April 2026 and received 58 responses.
3 were **confidential** and 55 were **non-confidential**.

Organisation Type	**Number**
Storage	18
Generator	32
Distribution Network Operator	5
Demand	3
Developer	0
Supplier	2
Industry Body	1
System Operator	1
Transmission Owner	1
Other	4

*** Note – some respondents ticked more than one box**

Breakdown by objective

How did industry feel about CMP470 against each objective?

Objective	Number who believed the original solution better facilitates
(i)	15
(ii)	24
(iii)	2
(iV)	30
None	18

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CUSC Objectives

Main themes for which respondents felt the Original solution better facilitates the objectives

- **Improved queue management and efficiency**: The proposal is seen to streamline the connections queue, prioritising viable projects and reducing delays for deliverable generation and storage projects.
- **Enhanced competition among viable projects**: By encouraging less viable or speculative projects to exit, the mechanism is thought to foster greater competition among genuinely deliverable schemes, supporting a robust market environment.
- **More efficient and targeted network planning**: Reducing oversubscription allows network operators to focus resources on projects likely to connect, leading to better network design, reduced rework, and improved investment certainty.
- **Acceleration towards Clean Power 2030 targets**: The proposal is expected to help connect needed capacity more quickly, supporting the timely achievement of government energy targets.
- **Reduction of unnecessary system and consumer costs**: By promoting a more credible, manageable queue, the proposal aims to avoid costly over-planning and investment in projects unlikely to proceed, ultimately benefitting consumers.

CUSC Objectives

Main themes respondents felt the Original solution did not better facilitate the objectives.

- **Anti-competitive impact favouring capital-rich developers**: The financial requirements are widely criticised for favouring well-capitalised incumbents or large players, potentially forcing smaller or community developers out regardless of project merit.
- **Disproportionate financial burden and risk**: The escalating securities floor is viewed as excessive, deterring viable but less financially robust projects, and distorting the market based on ability to pay rather than deliverability.
- **Increased administrative complexity and bureaucracy**: The mechanism introduces greater administrative overhead, potentially offsetting intended efficiency gains and complicating implementation for network operators and stakeholders.
- **Risk of undermining investment confidence**: There are concerns that the proposal signals regulatory instability, potentially harming the UK's attractiveness for future power system investment and damaging long-term competition.
- **Potential for unintended consequences and ineffective targeting**: Critics argue that a blunt, technology-neutral financial instrument may not address the actual causes of oversubscription and could lead to market consolidation without necessarily improving project delivery.

Implementation Approach

27 Respondents supported the implementation approach

- Using signed Gate 2 offers as the basis for assessment is sensible, as it reflects real attrition and queue status.
- The biannual securities statement aligns activation with market conditions and allows developers to factor in OTCF risk.
- Enables NESO to respond dynamically to changes in market conditions and capacity targets, supporting timely investment decisions.
- Largely seen as proportionate in addressing oversubscription and supports the objectives of Connections Reform and Clean Power 2030.
- Encourages earlier exit of non-viable projects, reducing uncertainty and unnecessary network works.
- Broadly supported for its intent to mitigate oversupply and accelerate the connections process, provided timing and practical application concerns are addressed.
- Some respondents support the proposal with refinements, such as exemption for advanced projects, transitional arrangements, and clearer methodology for hybrid or storage assets.

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Implementation Approach

27 Respondents did not the implementation approach

- Seen as punitive, undermining investor confidence and contract law, especially with retrospective fees.
- The timing (January 2027 or October 2027) is considered too early or too rigid, not allowing for natural attrition or sufficient information for developers to make decisions.
- The fee structure (escalating £/MW up to £25k/MW) is viewed as heavy-handed, anti-competitive, and risks forcing viable projects out based on balance sheet strength rather than project quality.
- Some argue that the OTCF duplicates existing mechanisms (milestone requirements, cancellation charges, User Commitments Methodology) without clear added benefit and introduces regulatory uncertainty.
- May favour projects with deeper pockets, not necessarily those best value for end users, thus risking market distortion and reduced competition.
- Concerns exist about applying the OTCF to all technologies, particularly long-lead time projects like offshore wind and nuclear, which may face undue risk.
- Some respondents recommend deferring implementation to allow for completion of Gate 2 offers and more evidence of actual oversubscription and project acceptance behaviour.
- Concerns about negative impact on battery project valuations, insufficient runway for commercial transactions, and lack of alignment with network design timelines.

Other comments

Positive themes

- Support for financial mechanisms (such as OTCF) to reduce queue oversubscription and ensure resources are focused on deliverable projects.
- Recognition that a credible strategy is needed to address BESS oversubscription and preserve system planning integrity.
- Emphasis on fair and proportionate solutions, including targeted approaches by technology and region, and alternative mechanisms such as capacity haircuts and capacity-for-acceleration.
- Advocacy for transitional arrangements and amnesty periods to maintain investor confidence and fairness for projects already committed.
- Support for maintaining protections introduced by previous modifications (CMP434/435) and avoiding retrospective changes to contract terms.
- Suggestions for practical reforms, such as bay sharing and improved queue management, to address oversubscription without penalising viable projects.
- Recognition that the proposed mechanism is more proportionate than alternatives like mass audits or contract revocations.
- Belief that having additional BESS projects in the queue is beneficial for the country and consumer, supporting innovation and future energy needs.
- Proposal for targeted commitment fees for projects with demonstrated commitment and for preserving investor confidence through sensible calibration.
- Support for mechanisms that incentivise voluntary queue exit at least cost, such as auctions or tapered cancellation charges.

Other comments

Negative themes

- Concerns that retrospective fees and penal clauses undermine contract law, regulatory certainty, and investor confidence.
- Risk that the proposal disproportionately impacts smaller and independent developers, favouring large, well-capitalised incumbents and driving anti-competitive market consolidation.
- Fears that raising upfront development barriers will harm small and medium developers and reduce diversity in project types and sizes.
- Worries that the proposal may jeopardise near-term delivery, add unnecessary costs, and lock developers into commitments under changed regulatory conditions.
- Concerns over lack of empirical evidence for the effectiveness of the fee in clearing the queue and targeting the right projects.
- Risk that financial strength becomes a proxy for project quality, rather than deliverability, system value, or consumer benefit.
- Apprehension that the proposal may have unintended consequences, such as favouring larger projects and undershooting Clean Power 2030 targets.
- Calls for impact assessments, quantitative evidence, and careful calibration to avoid over-correction and ensure fairness.
- Concerns that the proposal is too heavy-handed, may not address the root causes of oversubscription, and could negatively affect investor confidence and future innovation.

Possible Alternatives

3 official Alternative Requests were raised in the consultation.

Further suggestions for possible alternatives were given

- Suggestion that projects expected to energise within two years should be exempt from the OTCF, along with clearer definitions of “advanced stage”, transitional provisions for progressed projects, and a transitional amnesty or opt-out window for Gate 2 offer recipients.
- Support for an early TEC amnesty to benefit network planning and reduce unnecessary offers, allowing developers to withdraw from projects without cancellation charges.
- Advocacy for a co-located technology alternative, proposing that co-located projects and those with security of supply contracts should be exempt from penalties.
- Proposal for securities ramping as per the original plan, but capped at maximum liability, plus fee exemptions for projects connecting in spatial energy planning zones with queues below target.
- Suggestion to apply the OTCF only to Battery Energy Storage Systems (BESS), excluding other technologies.
- Proposal for the OTCF to be recovered based on queue milestones or the FCM approach under the Capacity Market.
- Support for considering a more proportionate variant of the proposal, including delayed implementation, capped security levels, and stronger targeting to avoid unfair impacts on viable projects and small market participants.
- Suggestion that a time-based scaler proposal could be developed as an alternative, but preference for addressing it as a refinement to the original proposal rather than as a separate alternative.

Did respondents agree there is no EBR impact?

37 respondents agreed there was no EBR impact.

12 respondents disagreed for the reasons given.

6 respondents did not answer the question.

- Introduces a high financial barrier for technologies like BESS, making it harder for them to remain in the connection queue.
- Could be considered discriminatory against certain technologies and locations.
- Although it does not directly affect Article 18 terms and conditions, it indirectly impacts regulatory objectives by reducing independent storage operators and concentrating market power with established incumbents.
- Imposes undue burdens on new storage entrants, hindering their ability to compete with existing gas plants and potentially slowing technological progress.
- Creates significant barriers to entry for developers with limited capital, especially if securities exceed £5,000 per MW.
- Increases securities, not cancellation charges, but all projects must still be able to pay these costs.
- Risks discriminating against projects with less financial backing, which could reduce competition but may improve queue efficiency aligned with Clean Power 2030 targets.
- Financial requirements may indirectly affect market participation, project viability, and competition, potentially influencing balancing market dynamics and regulatory compliance.

Q6 - Do you agree with the workgroup's understanding of the issues which oversubscription creates?

43 respondents agreed

- Recognised as a significant issue, leading to inefficiencies in network planning, delays for viable projects, and increased uncertainty in delivery timelines.
- Material oversubscription distorts network planning, drives unnecessary capital expenditure, and causes delays for non-oversubscribed technologies.
- Can result in viable projects being blocked by less viable ones ahead in the queue, undermining the objectives of Connections Reform.
- TOs are forced to design for all contracted projects, even if only a fraction will be built, resulting in inefficiency and potential overdesign of the network.
- There is support for mechanisms that would help remove less-viable projects from the queue, to improve the allocation of connection resources and reduce delays for ready-to-build projects.
- Broad agreement exists that the current protections and low cancellation charges do not provide sufficient incentives for non-viable projects to exit the queue.
- Some respondents note that the scale of oversubscription is unmanageable and introduces real costs and planning inefficiency.

Q6 - Do you agree with the workgroup's understanding of the issues which oversubscription creates?

9 respondents disagreed

- Several respondents question whether the evidence for oversubscription and its impacts is robust or sufficient, with some suggesting that natural market attrition could resolve the issue without regulatory intervention.
- Some believe the inefficiencies in network planning are overstated, arguing that TOs have established processes to manage queue fluctuations, and that milestones and cancellation charges already mitigate risks.
- Some respondents argue that the issue is not as significant as portrayed and that the User Commitment Methodology already provides adequate financial safeguards for TOs.
- Others highlight that the proposed mechanism may not be proportionate, and that a more nuanced approach—such as bay sharing or delayed allocation—should be considered first.
- There is scepticism about the extension of OTCF beyond BESS, with some stating there is no clear rationale to apply it to other technologies not facing significant oversubscription.
- A few respondents question whether the modification is being driven by the right stakeholders and whether the interests of consumers are being prioritised.

Q7 - Do you have evidence which may support the Workgroup in understanding what proportion of projects in the Gate 2 queue are unviable?

9 respondents - Yes

43 responded - No

Possible evidence

- Queue management milestones can help assess project health, especially when networks and developers collaborate on a case-by-case basis.
- Attrition is a normal part of project development, with historical data showing high rates of project abandonment or failure to secure planning.
- Some analysis and market modelling exist to estimate future requirements and project viability, though these are rough indications.
- Comprehensive project analysis finds a portion of projects progressing, with gradations in project readiness serving as useful proxies for deliverability.
- Customer engagement and financial securities can indicate confidence in project progression.

Reject there is evidence

- No definitive evidence to support the assumption that projects in the Gate 2 queue are unviable; much is based on anecdote or proxy indicators.
- Viability varies greatly across developers and projects, making it difficult to apply objective criteria.
- Market modelling shows significant uncertainty in future requirements, making it difficult to draw firm conclusions.
- No empirical or project-specific evidence exists to quantify the proportion of unviable projects.
- Historic progression rates suggest many Gate 2 projects stall or are withdrawn, but exact numbers are unknown.
- Data is not yet available to make binary decisions on project viability.

8. Do you have any comments on the Workgroups understanding of technical and economic viability?

30 responded yes

20 responded no

- The proposal penalises viable projects while allowing well funded, non-viable projects to remain
- Viability is dynamic and project-specific. It is important to recognise that some projects may appear viable initially but become uneconomic due to market changes.
- Viability is multi-dimensional and largely outside the developer's control between committing to the project and the Final Investment Decision (FID).
- Agree "uninvestable" is a more suitable term than "unviable", or alternatively "economically unviable" should be used. Many of the oversubscribed projects may be technically viable but will not be delivered because they do not offer a suitable return to an investor, so they are therefore "economically unviable" or "uninvestable".
- Agree with the assessment of the technical viability as each developer assesses economic viability differently, influenced by individual investor return targets and risk appetites.
- Right to recognise that viability is not binary and that planning consent is not the same as readiness to construct or readiness to take FID. That is an important distinction.
- One respondent noted that the distinction between 'viable' and 'unviable' projects is more nuanced for co located hybrid projects than for standalone BESS.
- The point about developers being unlikely to self certify a project as unviable is correct.

9. Do you agree with the proposed activation threshold of 50% oversubscription and deactivation threshold of 25% oversubscription?

34 respondents agreed

Areas of agreement

- Many respondents consider the proposed thresholds of 50% activation and 25% deactivation, along with a deadband, to be broadly sensible for reducing volatility, avoiding frequent on/off switching of the OTCF, and providing a degree of market stability and predictability.
- There is support for the use of a deadband (the gap between activation and deactivation thresholds) as a mechanism to avoid unnecessary oscillation and market disruption.
- Some agree that a 50% activation threshold is a reasonable starting point, particularly as it ensures the OTCF is only triggered in cases of material oversubscription, not minor fluctuations.
- Several responses support the principle of periodic review or recalibration of thresholds to reflect evolving market conditions and future policy requirements.
- There is recognition that thresholds must be set to balance the need to address oversubscription without over-correcting or disproportionately impacting developers.
- Some welcome the inclusion of a minimum oversubscription safeguard (e.g. 5GW) to protect nascent technologies.

9. Do you agree with the proposed activation threshold of 50% oversubscription and deactivation threshold of 25% oversubscription?

18 respondents disagreed

Areas of Disagreement:

- A number of respondents believe the 50% activation and 25% deactivation thresholds are either too low or lack sufficient justification, with some arguing for higher thresholds (e.g. 150% activation or a higher deactivation point) to allow for market uncertainty, natural attrition, and future increases in demand.
- Concerns are raised that the proposed thresholds could disproportionately penalise or exclude smaller, capital-constrained, but otherwise viable developers, potentially favouring larger players and reducing competition.
- Some argue that the thresholds are arbitrary, insufficiently evidenced, or may not correspond to actual network planning needs or consumer benefit, and call for clearer rationale or supporting data.
- Several responses express a preference for alternative mechanisms (such as Alternative Request 2, bay sharing, or improved contracts management) over threshold-based approaches, or do not support the OTCF framework in principle, even with a deadband.
- There are suggestions that thresholds should be flexible, regionally calibrated, or complemented by qualitative triggers, rather than fixed national figures.
- Some are concerned that the deactivation threshold (25%) could keep the OTCF in place longer than necessary and remove otherwise viable projects.

10. Do you think the OTCF should apply based on national or regional oversubscription ?

30 respondents stated national

14 respondents stated regional

Reasons for OTCF to apply nationally:

- Simpler and less administratively burdensome, avoiding the complexity and volatility that regional thresholds may introduce due to smaller capacity pools and localised fluctuations.
- It aligns with how protections are currently applied and ensures uniformity, avoiding a 'postcode lottery' effect where projects are unfairly penalised or exempted based on regional exits.
- Provide a stable basis for financial triggers, reducing the risk of arbitrary outcomes where a small number of projects could skew regional results.
- Supports widespread oversubscription and is easier for NESO to administer, particularly given ongoing uncertainty about regional zoning and capacity allocation.

Reasons for OTCF to apply regionally:

- Allows for targeted responses, distinguishing between areas with surplus and those where capacity is needed.
- Can better reflect locational signals and system needs, encouraging projects in areas where they are most beneficial (e.g., reducing curtailment costs or providing grid resilience).
- Could prevent discouraging development in under-subscribed areas and allow for more efficient use of network infrastructure.
- Can align incentives, ensuring that developers focus investment where capacity is needed, and can be calibrated to reflect transmission and distribution differences, as highlighted in CP30 and SSEP frameworks.

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10. Do you think the OTCF should apply based on national or regional oversubscription?

10 Respondents against either approach

1 did not respond

Reasons against either approach:

- Several respondents oppose the OTCF entirely, arguing it is a disproportionate measure that risks excluding viable projects, distorts competition, duplicates existing mechanisms, and creates regulatory uncertainty.
- Neither pure national nor regional approaches are seen as appropriate by some, who advocate for more granular methods (e.g., GSP-level) or targeted reforms rather than a technology-wide fee mechanism.
- There is concern that both national and regional implementations could fail to address root causes of oversubscription and may inadvertently suppress development or misalign incentives.
- Some express uncertainty about the robustness of regional thresholds, citing lack of clarity and operational rationale, and suggest avoiding OTCF altogether unless clearer data and rationale are provided.

11. Do you agree with the proposed timing of the OTCF from implementation or Gate 2 contract signature (whichever is sooner) up to energisation?

25 respondents agreed

Areas of agreement:

- **Implementation Timing Linked to Gate 2 Offers:** Many respondents agree that the OTCF (Outstanding Transmission Commitment Fee) should be implemented either from Gate 2 contract signature or acceptance, or from the official implementation date—whichever comes later. Several support waiting until all Gate 2 offers have been issued and accepted/rejected before applying the fee, with some suggesting a brief grace period for existing offer-holders.
- **Application Until Energisation (with Variation):** There is broad support among some respondents for the OTCF applying through to project energisation, as this aligns with the aim of incentivising only committed projects to remain in the queue.
- **Need for Early and Effective Queue Management:** Many agree that early application of the OTCF is needed to address oversubscription and ensure that only viable projects progress, thus accelerating grid connections and achieving CP30 goals.
- **Consideration of Project Milestones:** Several suggest that the OTCF should be disapplied at key project milestones (e.g., Financial Investment Decision (FID), construction start, or QM7 commitment), as these demonstrate significant commitment and reduce the queue management risk.
- **Proportionality and Fairness:** There is recognition that projects at the front of the queue should be the main focus of the OTCF, since these are most likely to be causing delays, and any fee structure should avoid penalising later, but viable, projects.

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11. Do you agree with the proposed timing of the OTCF from implementation or Gate 2 contract signature (whichever is sooner) up to energisation?

27 respondents disagreed

Areas of disagreement:

- **Timing of Implementation:** Some believe the proposed timing is too early and may disadvantage credible projects still finalising their plans, while others believe it should be implemented as soon as possible. A few suggest delaying implementation to allow for natural attrition and for all Gate 2 offers to be issued and considered.
- **Duration of Fee Application:** A significant number disagree with applying the OTCF all the way through to energisation, arguing it should end at an earlier milestone (such as FID, construction start, or QM7) to avoid unnecessary financial burden, especially for smaller developers.
- **Uniform Application Across All Projects:** Several respondents oppose a universal approach, arguing that it could unfairly impact later-connecting projects or those with longer development timelines. Some advocate for a time-based or stepped approach, reducing the obligation for projects further from their connection date.
- **Impact on Developer Cashflows and Project Delivery:** There is concern that holding the fee through to energisation places excessive liquidity demands on developers, potentially delaying projects or causing viable ones to exit, particularly for smaller or less well-capitalised entities.
- **Alignment with Other Processes and Milestones:** Some suggest the OTCF should be aligned with other established milestones or frameworks (e.g., Capacity Market Financial Commitment, CMP192 User Commitment Methodology) to ensure consistency and avoid unnecessary complexity.
- **Effectiveness in Queue Management:** There is debate over whether the OTCF, as currently proposed, will effectively target speculative projects or instead risk forcing out viable ones due to financial constraints, especially if not sufficiently targeted or proportionate.

12. Do you agree with the proposal to apply the OTCF as a securities floor?

35 respondents agreed

Main themes of agreement:

- Many respondents agree it is a practical and effective way to ensure a minimum level of commitment from developers, helping to deter speculative queue positions and promoting timely project progression.
- There is general support for the securities floor approach over a flat or cumulative additional charge, as it avoids penalising projects already carrying high securities and is seen as a fairer mechanism for reflecting the diversity of project types and costs.
- Several responses highlight the importance of ensuring that the floor mechanism interacts appropriately with existing securities and cancellation charges, so as not to impose double-counting or disproportionate financial burdens.
- Some contributors suggest that the rationale, rules, and starting level for the OTCF securities floor should be transparent, proportionate, and reflective of current oversubscription levels, with a clear methodology for application across different technologies.
- There is recognition that a floor mechanism can help improve queue quality and send stronger financial signals to developers, particularly in an oversubscribed network environment.

12. Do you agree with the proposal to apply the OTCF as a securities floor?

16 respondents disagreed

Main themes of disagreement:

- A significant number of respondents disagree with the idea of a securities floor outright, or object to its blanket application, on the grounds that it unfairly penalises projects with naturally low securities (such as those sharing substation bays or at early development stages), which are often the lowest-cost and most consumer-beneficial connections.
- Concerns are raised about the lack of proportionality, with some arguing that a fixed or inflexible floor does not account for the differing financial capacities of developers and could harm competition, particularly for smaller or independent developers who may face cash calls that cannot be bonded against pre-FID assets.
- Several responses advocate for the introduction of caps or proportionality mechanisms, such as per-project caps or linking the floor to the project's maximum liability, to prevent securities requirements from exceeding what is justifiable by actual risk or cost to the system.
- There is disagreement about whether the OTCF should be implemented as a securities floor or a liabilities floor, with some suggesting the latter would be more consistent with existing methodologies and less burdensome on working capital or smaller participants.
- Some respondents question whether the securities floor is needed at all, arguing that existing securities structures are adequate and that introducing a floor may add unnecessary complexity and cost without clear incremental benefit.
- A few note that the proposed starting level for the OTCF is too low to be effective, while others believe any such mechanism may distort competition or fail to address the root causes of oversubscription.

13. Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?

24 respondents agreed

Main themes of agreement:

- There is broad consensus that some form of financial commitment or incentive (such as the OTCF) is necessary to address oversubscription in the connections queue and encourage the exit of speculative or non-viable projects.
- Several contributors agree that the OTCF should be set at a level which is meaningful enough to act as a deterrent for speculative queue-holding, but not so high as to penalise genuinely viable projects, particularly those developed by smaller or less well-capitalised parties.
- There is support for a graduated or stepped structure for the OTCF, with the level of security increasing over time or in response to persistent oversubscription, but with careful calibration to avoid excessive burden.
- The idea of capping the maximum OTCF liability—either per project, or in relation to existing security requirements—receives support as a means of ensuring fairness and preventing anti-competitive outcomes.
- Many agree that the OTCF mechanism should be reviewed and recalibrated periodically to reflect actual market conditions and observed effects on project attrition.

13. Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?

27 respondents disagreed

Main themes of disagreement:

- There is significant disagreement over the proposed minimum and maximum levels of the OTCF, with many considering the upper end (£25k/MW) to be excessive, punitive, and likely to distort competition by favouring larger, well-capitalised developers.
- The use of a flat £/MW basis for the OTCF is contested, with some arguing that it is not proportionate to project size, maturity, or system impact, and may unfairly penalise certain types of projects or developers.
- Opinions differ on whether the OTCF should be dynamically linked to project milestones (such as equipment orders or commencement of construction), or whether a more static, time-based approach should be adopted.
- There is a split over the frequency and method of OTCF adjustment, with some concerned that regular (e.g. six-monthly) changes introduce administrative complexity and planning uncertainty, while others see value in responsiveness.
- Some respondents object to the OTCF in principle, arguing it is anti-competitive or unnecessary given existing commercial incentives and milestones within the connections process.

14. Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed technology with another technology?

27 respondents agreed

Main themes of agreement:

- Many respondents agree that the OTCF should be applied to co-located projects for the sake of consistency and fairness, to avoid loopholes and gaming risk, and to ensure all technologies are treated equally.
- There is broad support for exemptions where the oversubscribed technology connects after the other technology or where its addition does not trigger material attributable works or connection costs. These exemptions are seen as necessary to avoid disproportionate penalties for projects with minimal network impact.
- Several contributors highlight that the OTCF should only be applied proportionally to the oversubscribed technology component, not to the entire project capacity, especially in hybrid or co-located projects sharing infrastructure.
- The importance of consistent treatment between co-located and standalone BESS is emphasised; if minimal network impact exempts co-located BESS, standalone BESS with similar impact should also be exempt.
- There is recognition that co-location generally improves network efficiency, enables better use of infrastructure, and should be encouraged, provided it does not worsen network constraints.

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14. Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed technology with another technology?

26 respondents disagreed

Main themes of disagreement:

- Some respondents argue against applying OTCF to co-located projects, stating it could undermine investor confidence, penalise efficient configurations, and reduce consumer benefits, especially where incremental impact is minimal.
- There is concern that the ruleset for exemptions could become overly complex, leading to inconsistent outcomes and making it difficult to define and implement “minimal network impact” in practice.
- Disagreement exists on whether co-located projects should be automatically exempt, with some suggesting that co-location does not always mitigate wider system impacts, and others arguing that it usually does and should be prioritised.
- Some contributors question the fairness of requiring the oversubscribed technology to connect second for exemption, arguing that simultaneous connection or neutral impact should also qualify.
- There are differing views on whether co-located assets should be treated the same as standalone assets, especially regarding queue management, network impacts, and fee calculation methods.
- A few responses highlight practical challenges, such as the need for clear worked examples, transparency in network studies, and clarity in legal drafting to ensure consistent application across network operators.

15. Do you agree that the OTCF should apply as well as the PCF?

29 respondents agreed

Main themes of agreement:

- Many stakeholders agree that the OTCF and PCF are intended for different types of projects and apply at different stages of project development. This is seen as appropriate, particularly when OTCF acts as a ceiling or floor, preventing overlap and double-counting of financial commitments.
- There is broad consensus that, under current rules and typical project timelines, it is highly unlikely for a single project to face both fees simultaneously. Most responses note that these mechanisms rarely overlap in practice.
- Some contributors agree that layering both mechanisms can help target different risks and encourage progression or removal from the queue, strengthening commitment signals and improving queue quality.
- The floor-based approach is generally accepted as preventing compounding financial exposure, as only the highest relevant fee would apply.

15. Do you agree that the OTCF should apply as well as the PCF?

23 respondents disagreed

Main themes of disagreement:

- Several stakeholders express concern about the potential for both OTCF and PCF to apply concurrently, especially in future scenarios or due to drafting ambiguities. They argue this could lead to disproportionate financial burdens, particularly for capital-intensive projects and smaller developers.
- There is disagreement about whether layering the two mechanisms creates unnecessary complexity, confusion, and administrative burden. Some believe that combining the fees or simplifying the framework would be preferable.
- Several responses advocate for explicit safeguards or backstop clauses to ensure only one mechanism applies to any given project, rather than relying on formulaic floors that may not fully prevent stacking effects.
- Some stakeholders question the necessity and justification for the OTCF, suggesting the PCF and existing frameworks may be sufficient and that additional charges could act as barriers to entry for renewable projects.
- There are concerns that the combined mechanisms could risk inefficient deployment of capital, anti-competitive effects, and possible breach of licence obligations if NESO charges significantly above project delivery costs

16. Do you agree that any OTCF funds relating to a customer which does not go on to energise should be returned to consumers via TNUoS?

42 respondents agreed

Main themes of agreement:

- There is broad consensus that, where projects do not proceed to energisation, OTCF funds should be returned to consumers via TNUoS (Transmission Network Use of System). This approach is seen as in line with existing mechanisms (such as the PCF) and as a means to ensure consumers benefit from any retained securities.
- Many agree this aligns with the objective of consumer benefit and supports the principle that the OTCF is a commitment mechanism, not a penalty.
- There is support for robust auditing and governance to ensure timely and fair distribution of funds to consumers, and for aligning with existing precedents to avoid creating perverse incentives.
- Several responses highlight the importance of maintaining network cost recovery mechanisms for efficiently incurred costs, and that the primary design objective should be signalling and queue discipline, not revenue raising.

16. Do you agree that any OTCF funds relating to a customer which does not go on to energise should be returned to consumers via TNUoS?

8 respondents disagreed

Main themes of disagreement:

- There is significant concern over the treatment of projects that fail to energise due to reasons outside the developer's control (such as force majeure, planning refusals, or regulatory changes). Several respondents argue that in such cases, the commitment fee should be returned to the developer rather than passed to consumers.
- Some responses propose that a percentage of the OTCF (e.g., 50%) should be returned to developers if a project becomes unviable due to market saturation or other valid reasons, rather than forfeiting the entire amount.
- There are calls for clearer definitions of 'developer-at-fault' and 'non-fault' circumstances, and for explicit governance processes for marginal cases, without which support for the proposal is limited.
- Some suggest that the mechanism could be administratively burdensome or create unintended incentives for NESO, and that alternative treatments or mechanisms should be explored.
- A minority view holds that the OTCF should always be returned to the applicant to incentivise timely queue exits, rather than being redistributed to consumers.

17. Do you agree that NESO should have the option not to implement the OTCF if the activation threshold is breached?

42 respondents agreed

Main themes of agreement:

- **Value of Discretion and Flexibility:** There is broad support for NESO (with Ofgem oversight or veto) retaining discretion over whether to implement the OTCF, even when the activation threshold is breached. This is seen as a sensible safeguard and a means to provide flexibility to respond to changing market conditions, unforeseen circumstances, and to avoid unintended or disproportionate consequences.
- **Alignment with Precedent (PCF):** Many responses reference the PCF as a model, supporting similar activation and override mechanisms for the OTCF to ensure consistency and predictability in governance.
- **Transparency and Published Reasoning:** There is strong agreement that any use of discretion by NESO or Ofgem should be accompanied by transparent, published reasoning, and that decisions should be made in a timely manner to maintain market trust and investor confidence.
- **Safeguard Against Automatic Application:** Several contributors note that the discretion mechanism is a prudent precaution, allowing for a pause or override in the automatic application of the OTCF when circumstances might warrant a more nuanced approach, especially in smaller technology pots or where attrition is expected.
- **Time-Bounded and Evidence-Led Decisions:** Where discretion is exercised, there is support for it being time-limited and evidence-based, with clear criteria and possible industry consultation to avoid prolonged uncertainty.

17. Do you agree that NESO should have the option not to implement the OTCF if the activation threshold is breached?

10 respondents disagreed

Main themes of disagreement:

- **Concerns About Predictability and Transparency:** Some respondents express concern that broad or open-ended discretion could undermine predictability, weaken investment signals, and create uncertainty, especially for developers making financing decisions. They argue that any flexibility should be tightly framed with objective criteria and clear governance.
- **Risk of Delay and Inefficiency:** There is disagreement from some who feel that allowing NESO discretion could lead to unnecessary delays in addressing queue congestion, prolong the negative impacts of oversubscription, and make the system harder to manage, potentially undermining the overall credibility and efficiency of the OTCF mechanism.
- **Scope of Discretion (NESO vs Ofgem):** A minority view is that Ofgem, rather than NESO, should have the final say on whether to implement the OTCF, to ensure an independent check and avoid potential due discrimination issues.
- **Consistency Across Technologies:** Some express concern that discretion applied inconsistently between technologies could lead to discriminatory outcomes and further regulatory complexity.

18. Do you agree with the proposed Alternative Request 1 solution?

14 respondents agreed

Main themes of agreement:

- **Staged/Proportionate Implementation:** Supporters favour a staged or delayed approach, believing it provides a more proportionate and fairer framework for implementation, allowing time for natural attrition and market self-regulation.
- **Clarity and Commercial Viability:** Agreement that additional time enables developers to receive and assess flexible or non-firm connection offers, which are seen as critical for informed investment decisions and project viability.
- **Reducing Premature Attrition:** The delay is seen as reducing the risk of viable projects being forced out prematurely due to uncertainty, allowing for more deliberate decision-making and project consolidation based on quality rather than capital strength.
- **Alignment with Market and Policy Developments:** Additional time is viewed as necessary for market transactions, policy clarity (e.g., SSEP publication), and for network operators to complete relevant assessments (such as curtailment reports).
- **Opportunity for Queue Self-Correction:** Allowing the queue to settle naturally and for existing self-regulation mechanisms to take effect before introducing stronger interventions.

18. Do you agree with the proposed Alternative Request 1 solution?

32 respondents disagreed

Main themes of disagreement:

- **Delaying Resolution of Oversubscription:** Opponents argue that postponing implementation will simply delay addressing the core problem of oversubscription, undermining the intended benefits of the reform.
- **Prolonged Uncertainty and Reduced Effectiveness:** Delay is seen as extending uncertainty for both developers and network operators, reducing the effectiveness of the commitment fee in driving queue discipline and efficient network planning.
- **Potential for Inefficient Network Investment:** Concern that deferring the OTCF could lead to unnecessary or inefficient network investments proceeding based on an artificially inflated queue, increasing costs and delaying more viable projects.
- **Missed Opportunity for Early Queue Rationalisation:** Several responses highlight that the original (earlier) implementation timeline is already sufficient for natural attrition, and further delay would not materially improve outcomes but would postpone needed rationalisation.
- **Concerns over Fee Structure Remain:** Some disagree with the fundamental principle of the OTCF or its proposed level, regardless of the timing, citing risks to smaller developers and the potential to distort competition.

19. Do you agree with the proposed Alternative Request 2 solution?

10 respondents agreed

Main themes of agreement:

- **Fairness and Proportionality:** Many respondents believe the alternative is fairer for all parties and more proportionate than the original proposal, especially for smaller developers.
- **Simplicity and Administrative Ease:** The fixed, one-off refundable fee is considered simpler and easier to administer than escalating or complex security mechanisms.
- **Reduced Anti-Competitive Risk:** The lower fee level is seen as less likely to disadvantage smaller or independent developers and avoids consolidating the market in favour of larger players.
- **Clear Financial Signal:** The £1.5k/MW fee is viewed as providing a genuine financial signal without overburdening viable, capital-constrained projects.
- **Flexibility:** Support exists for combining this level with the timing from Alternative Request 1 and the possibility to increase the fee if oversubscription persists, capped at £3k/MW.
- **Refundability:** Agreement that refunding the fee upon energisation preserves investor risk profiles and does not impose a permanent penalty.

19. Do you agree with the proposed Alternative Request 3 solution?

30 respondents disagreed

Main themes of disagreement:

- **Fee Level Insufficiency:** A major concern is that the £1.5k/MW fee is too low to drive meaningful attrition or queue discipline, especially given development costs and the scale of oversubscription.
- **Lack of Dynamic Incentive:** The fixed, one-off fee does not provide ongoing incentives for projects to leave the queue or reappraise viability, unlike escalating mechanisms.
- **Timing Concerns:** Some believe the fee is payable too late to impact upcoming Gate 2 windows or too early before developers have full information about their connection options.
- **Potential for Unintended Consequences:** Fears exist that the fee could either penalise viable projects or fail to reduce the queue, depending on calibration and implementation details.
- **Insufficient Targeting:** Some respondents note that the proposal applies the fee too broadly, including to non-oversubscribed technologies or transmission projects, which is seen as inappropriate.
- **Preference for Alternative Approaches:** Several responses indicate preference for higher, ramped, or recurring fees, or for the original proposal or Alternative Request 1, which are seen as more effective at managing the queue.
- **Unclear Rationale and Implementation:** There are calls for clarification on refund conditions, oversubscription thresholds, and interaction with other connection arrangements; some feel the rationale for the fee remains unclear.
- **Risk of Competition Distortion:** Even at a lower level, some believe the fee risks distorting competition and consolidating market power.

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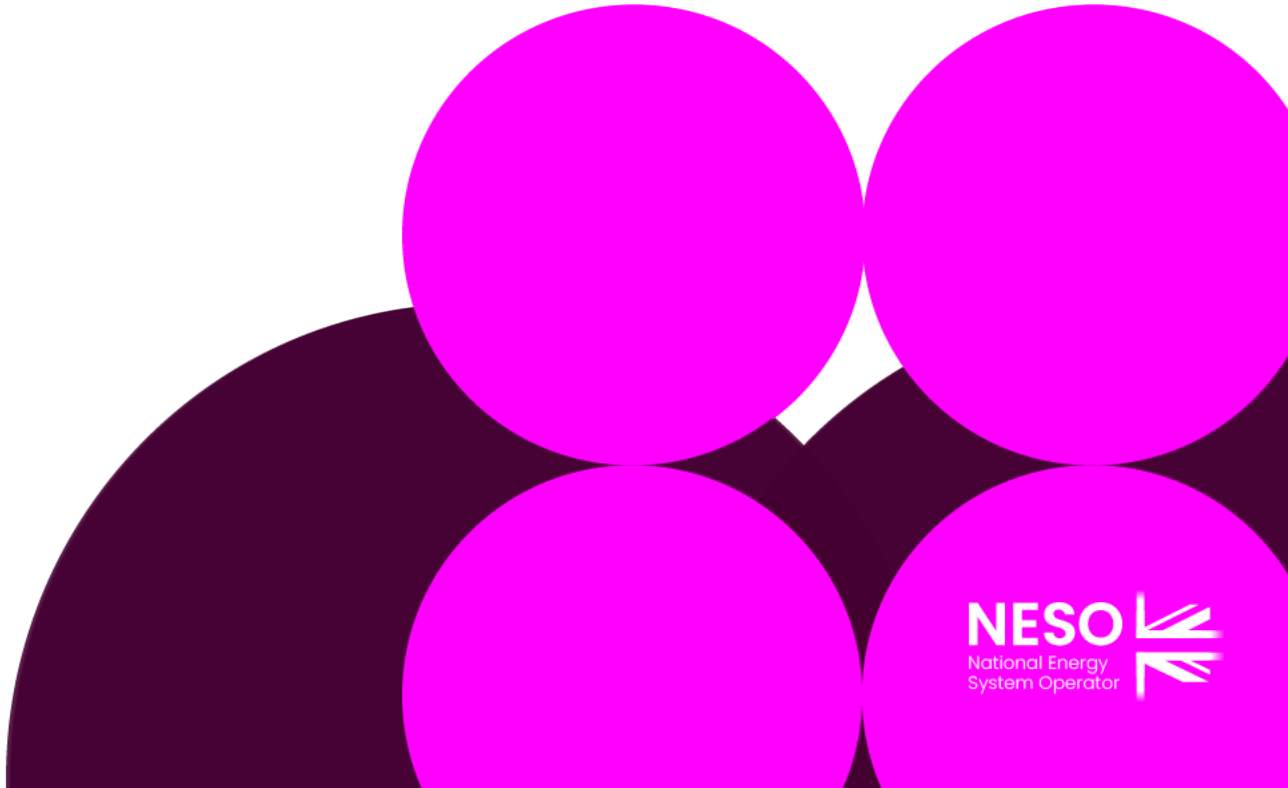
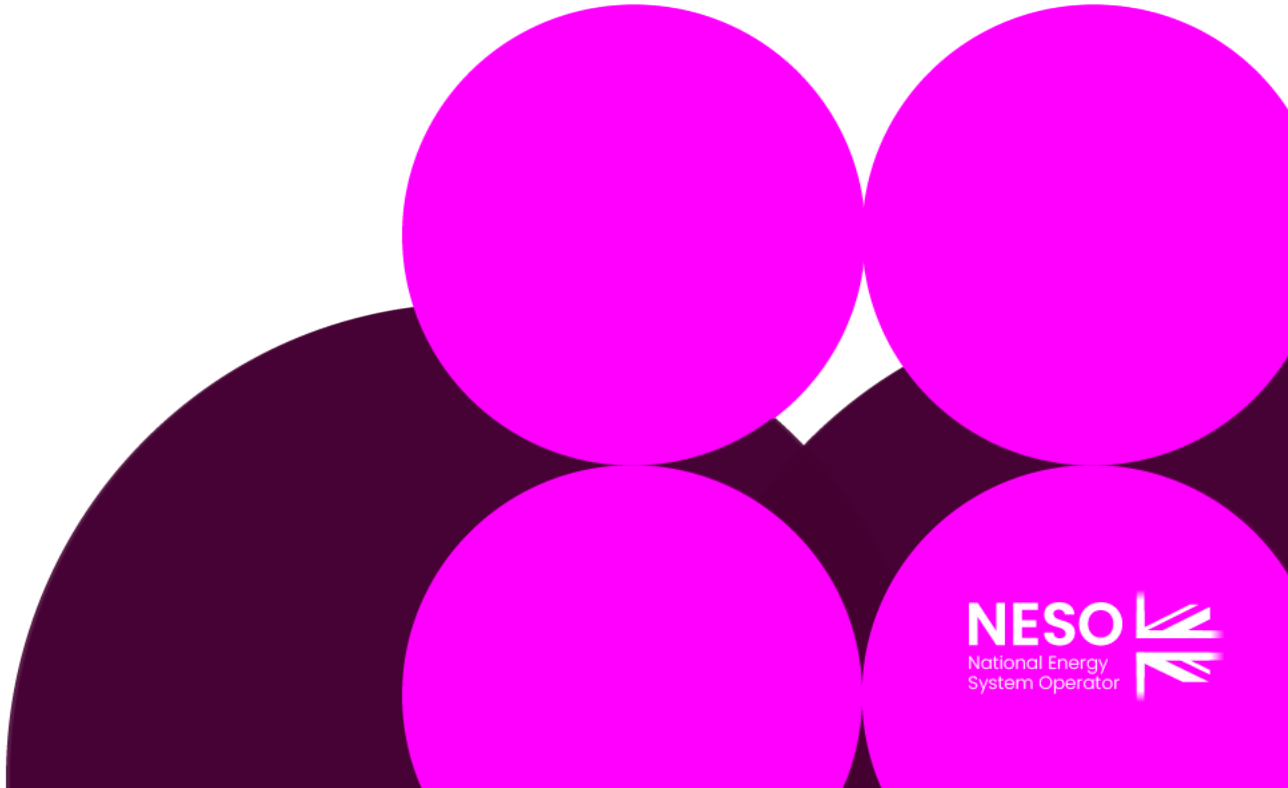
Proposer's Update

Andrew Enzor – Field Energy



Alternative Requests Discussion

Claire Goult – NESO Code Administrator



Proposed Alternative Requests

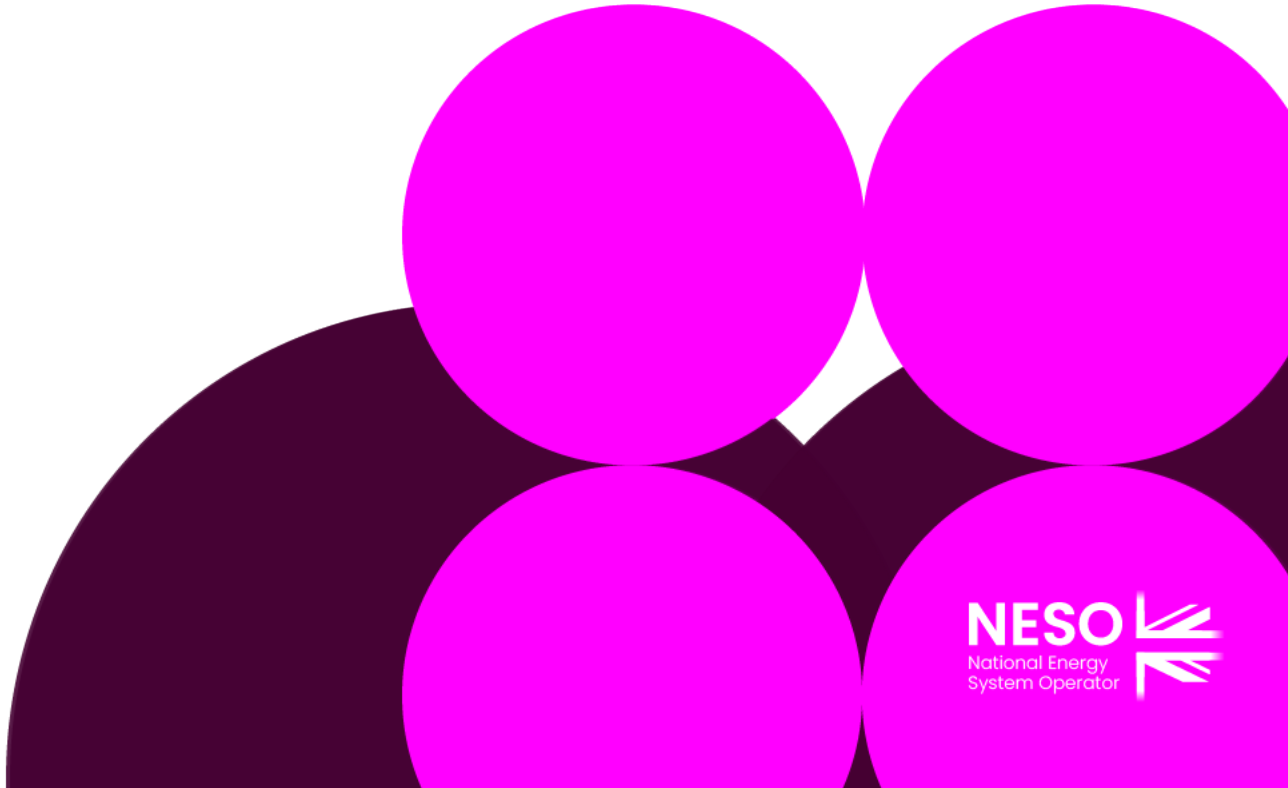
1. Alternative Implementation Date Root Power – Sarah Lightfoot & Neil Brooks	Proposes to delay the start date (the point at which the fee becomes payable) in the following manner: •For Gate 2 to Whole Queue (G2TWQ) offers: Delay to March 2028, 1 year from final issuing of Gate 2 offers. •For New Gate 2 Offers thereafter: Delay to 1 year from acceptance of Gate 2 offer.
2. Alternative Fixed One-Off Security Firstway Energy – Nathan Stevenson	1. Single one off payment applicable to all Gate 2 BESS 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 acceptance of Gate 2 grid offer, applicable to all projects; and 4. Fully refundable on energisation
3. The Exit Auction Mechanism Windline (Cairnbeg) Ltd – Lloyd Garvie	Instead of a "punish-to-thin" approach, NESO should facilitate an Exit Auction to reduce over capacity in particular technologies. This would allow for a more efficient reallocation of capacity: 1. Voluntary Exit: Developers could bid a "strike price" to vacate their position. 2. Least Cost to Consumer: By paying developers to exit, NESO ensures that only those who value their connection the least (i.e., the least viable projects) leave the queue first. 3. Preservation of Investment Signal: This treats capacity as a valuable asset and respects the development spend already committed by the industry, maintaining the UK's reputation as a stable environment for energy investment.

Proposed Alternative Requests

4. Minor changes in how the OTCF value increments after activation Lightsource bp – Grahame Neale	• <25% oversubscription – OTCF increments downwards towards £0/MW (e.g. £5k/MW to £3k/MW). • 25% to 50% oversubscription – OTCF value is unchanged. • >50% oversubscription – OTCF increments upwards towards the maximum (e.g. £5k/MW to £10k/MW). This is unchanged from the Original
5. OTCF Cap and Floor OnPath Energy – Lee Wilkinson	This alternative would cap the OTCF at a value equal to the maximum-security liability a project would be required to post at any point ahead of the energisation date. The OTCF would ramp up at the same rate as in the Original Proposal, with the same frequency. However, on a project-by-project basis the OTCF would be capped at a set value according to each project's security liability profile.

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 the 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 alterative request and an indication of the impacts of those amendments or effects; and
- where possible, an indication of the impact of the proposed alterative 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.

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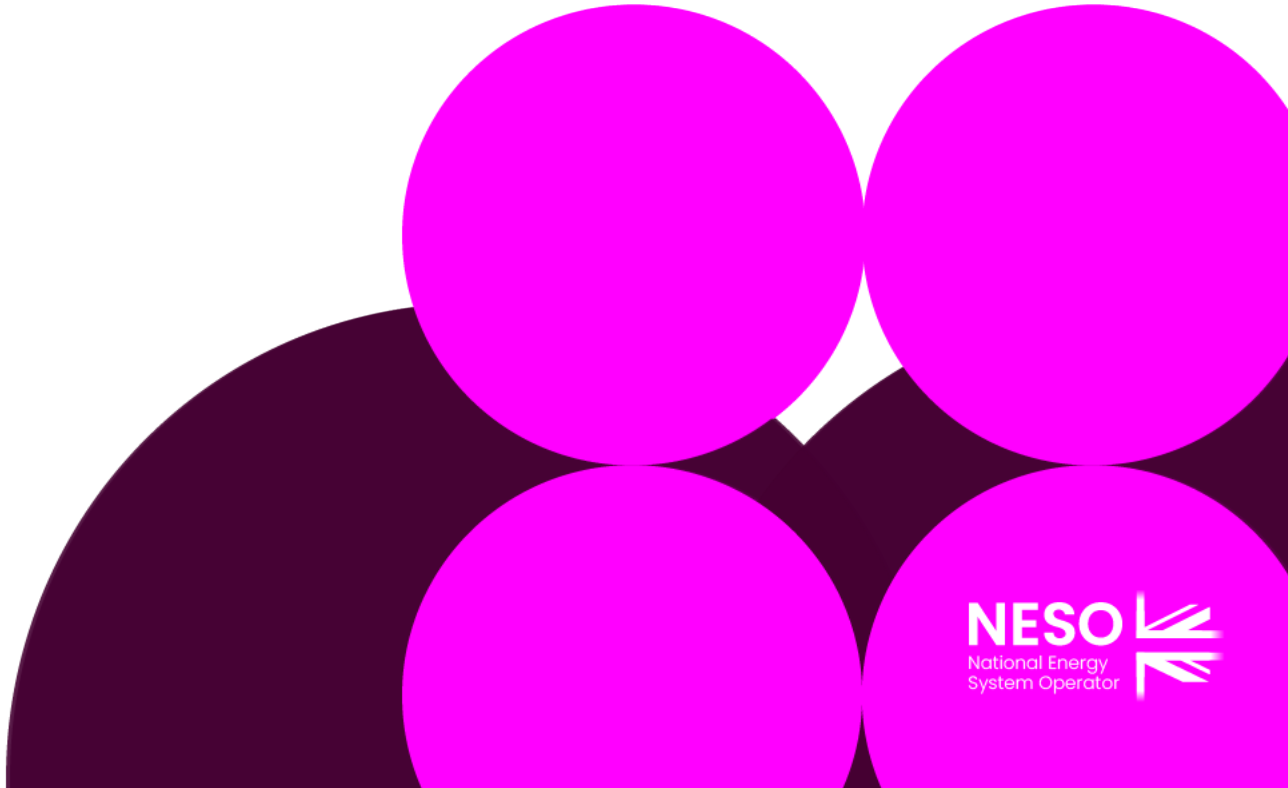
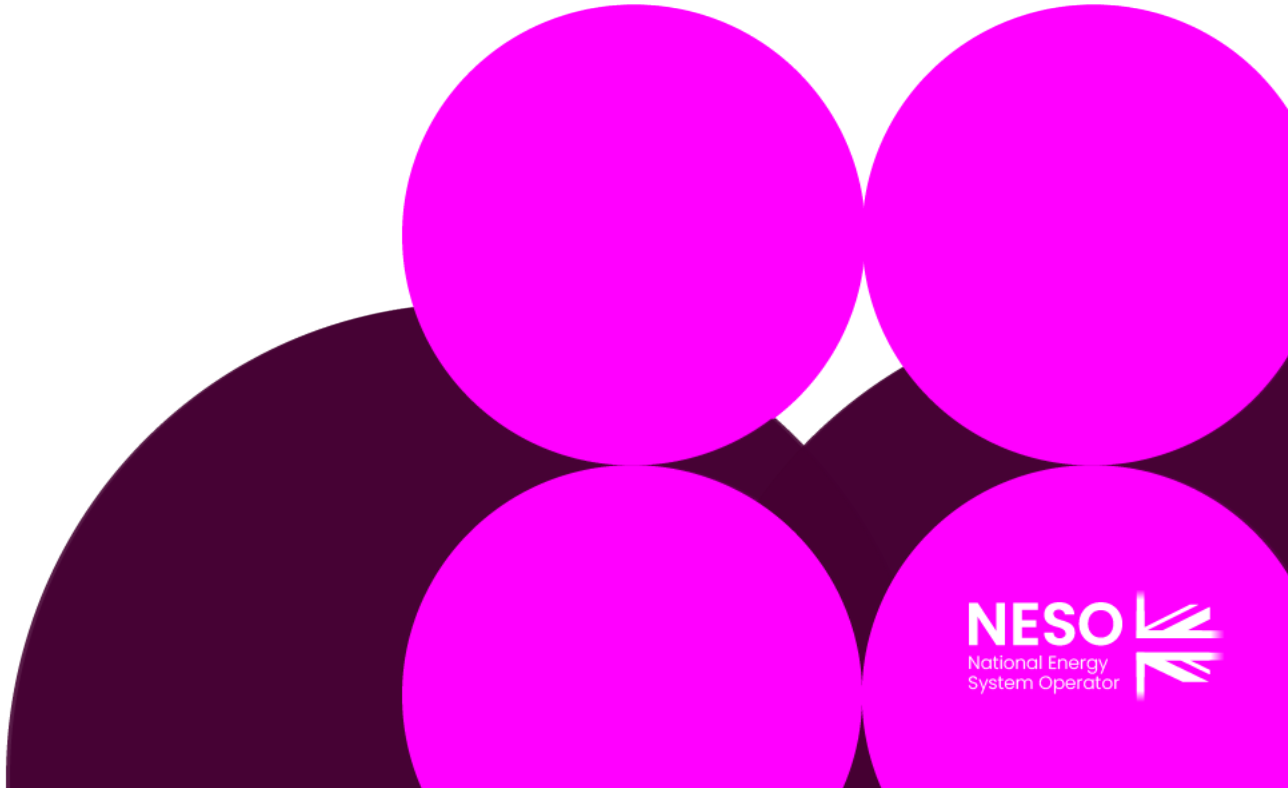
Query Log Update

Claire Goult – NESO Code Administrator



Action Log Update

Claire Goult – NESO Code Administrator



Public

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	
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	

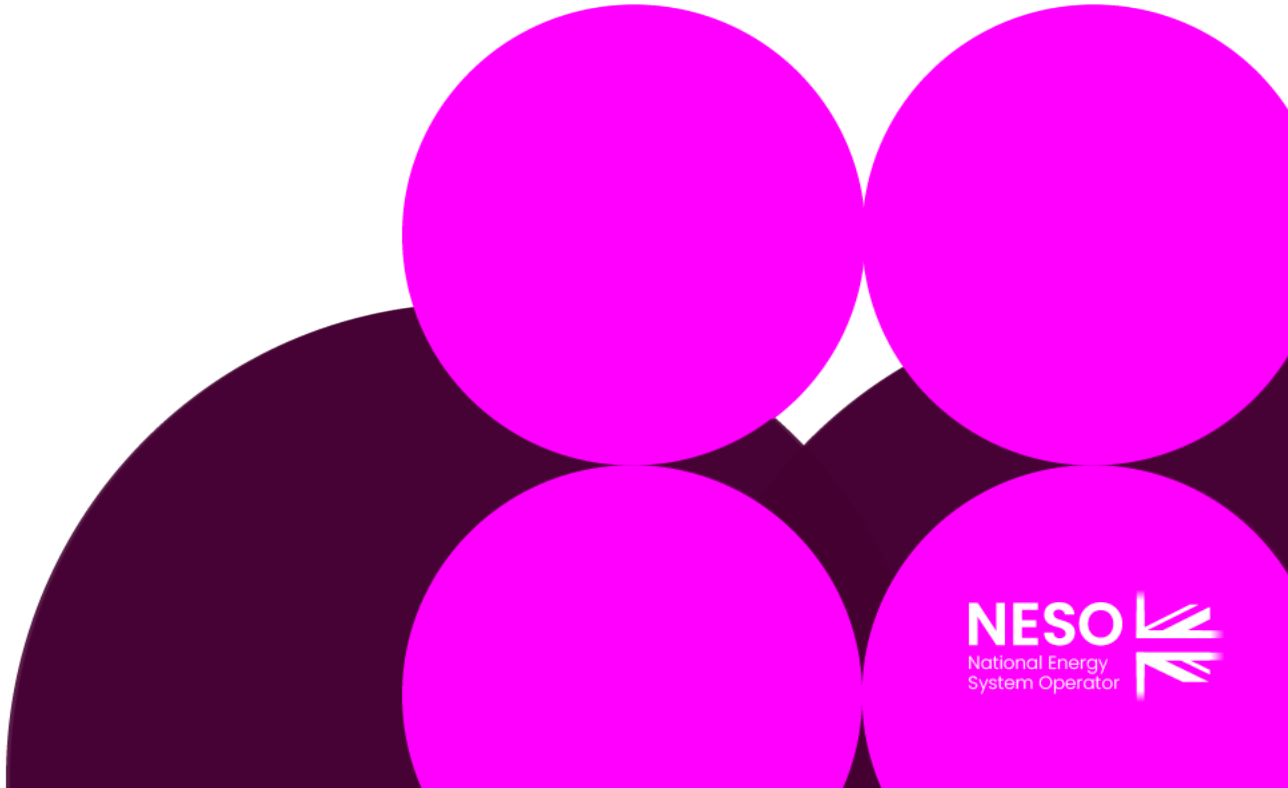
Public

CMP470 Actions Review

Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
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	
12	WG4	DS	Confirm and communicate the definitive delivery date for all requested battery securities and liabilities data to the Workgroup before their first post-consultation meeting.	WG5	Open	
13	WG4	DS	Check and confirm whether any customer has ever defaulted on termination (cancellation) charges and report back to the Workgroup	WG5	Open	
14	WG4	DS	Once the necessary data is available, provide an example estimating the amount of money industry participants would contribute if the OTCF proposal is approved	TBC	Open	
15	WG4	DS	Verify if the OTCF can be applied to 2026-2027 projects with pre-Ofgem connection agreements and outline how to update their securities statements.	WG5	Open	
16	WG4	SL	Update the alternative proposal to clarify "natural queue attrition" as projects unsold, add a footnote distinguishing "urgency" from Ofgem's criteria, and share the revision with the Workgroup.	WG5	Closed	
17	WG4	DG	Update the OTCF, CMP192, & Alternative Request 1 and 2 Comparison table for the consultation.	WG5	Open	

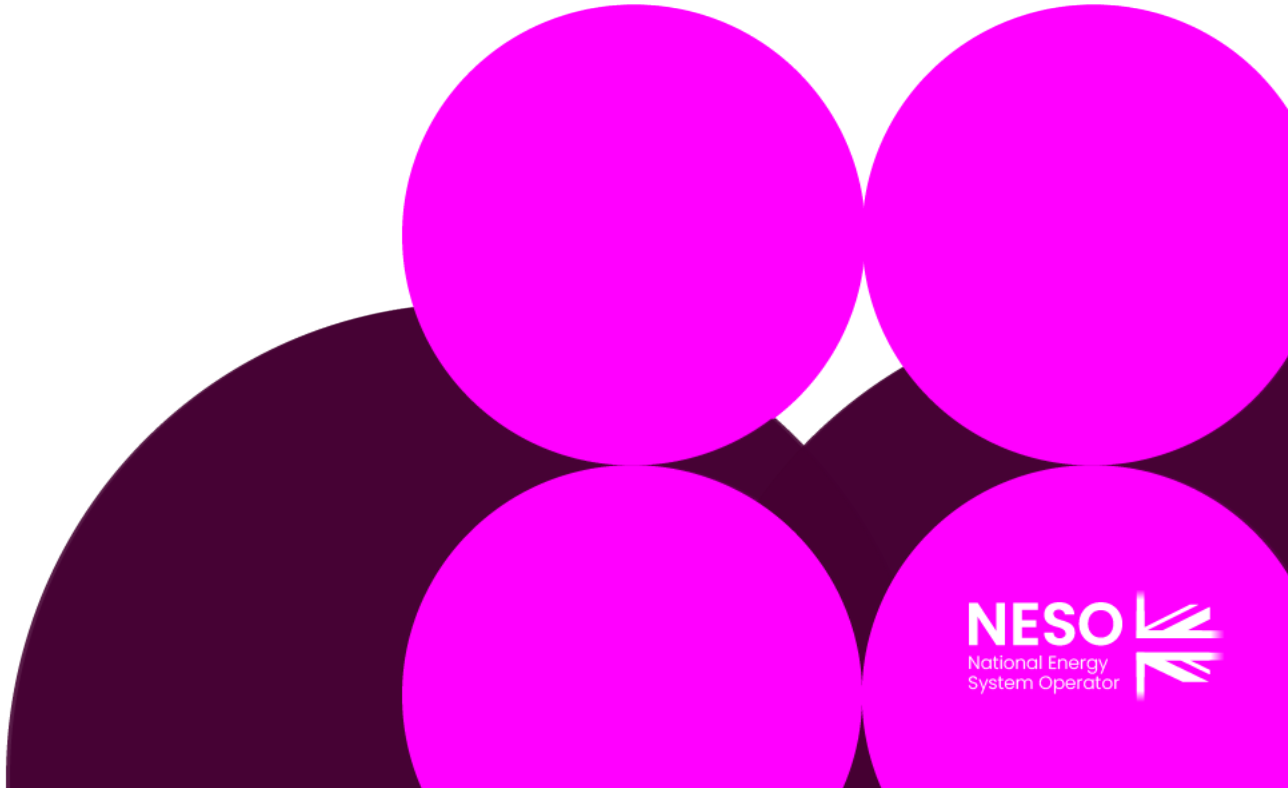
Any Other Business

Claire Goult – NESO Code Administrator

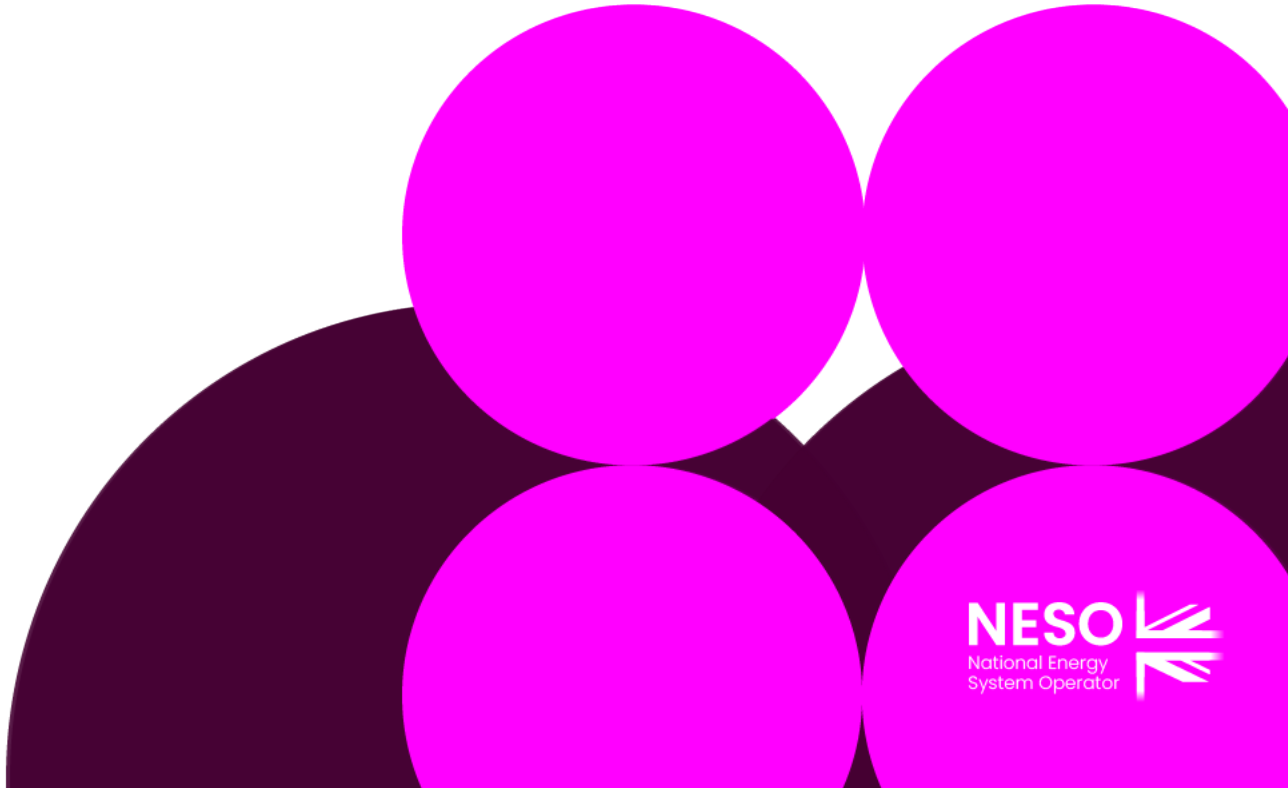


Next Steps

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.