Public

Code Administrator Meeting Summary

Workgroup Meeting 7: CMP470 – Introducing an Oversubscribed Technologies Commitment Fee (OTCF)

Date: 14 May 2026

Contact Details

Chair: Claire Goult, Claire.goult@neso.energy

Proposer: Andrew Enzor, Andrew.enzor@field.energy

Key areas of discussion

The aim of Workgroup 7 is to focus on reviewing the OTCF design, confirming key parameters and options, and discussing data analysis and its implications. It also includes consideration of alternative proposals, agreement on the direction of the original solution, and progress on legal text to support the modification.

Timeline Extension and Workgroup Scheduling

Workgroup members had expressed concern in the previous meeting that there was not enough time to finalise the solution of legal text in the current timeline. The Chair proposed adding two extra Workgroups on May 21 and May 28 to avoid requesting a formal extension from the panel and Ofgem and suggested revisiting the timeline on May 19 to decide if a possible extension is still required.

The Proposer highlighted that the timeline is driven by NESO issuing gate 2 phase 1 offers for 2028-2030, and any delay in these offers could provide additional time for the Workgroup without affecting implementation. A Workgroup member questioned whether Ofgem can achieve a decision by August 1, and the Proposer clarified that the timeline was approved by Ofgem with this milestone in mind, though it remains a credible but not absolutely firm date.

Data Discussion

The Proposer presented NESO data analysis to the Workgroup, including current securities, cancellation charges, and project categorisation, leading to confirmation of OTCF parameters and discussion of their impact on queue management and project viability.

The Proposer and several Workgroup members debated the criteria and rationale for exempting co-located and staged projects from OTCF, considering network impacts, fault levels, and the need for further data from TOs, DNOs, and NESO.

The Proposer proposed three criteria for exemption: BESS connecting after another technology, no increase in tech, and attributable works/connection costs below 250K, with a Workgroup member suggesting this threshold and others requesting clarity on cost assignment.

Several Workgroup members raised concerns that co-located batteries, even with minimal local works, could drive significant wider network impacts, including fault level increases and reinforcement needs, suggesting blanket exemptions may not be appropriate. Members discussed further the importance of defining dominant and secondary technologies in co-located projects, clarifying that the original technology must meet tech requirements and that no increase in tech should be explicit.

A Workgroup Member emphasised the need for quantitative data from TOs, DNOs, and NESO to assess the impacts of co-location, with another member suggesting NESO's TOH schedules could provide relevant information.

The Workgroup debated whether removal of co-located batteries would allow projects behind them to advance, focusing on cumulative fault level effects and the timing of network reinforcement.

Alternative 7 Update/Discussion

The Proposer of Alternative 7 presented their alternative with a liabilities floor (minimum 2K per MW, ramping up in six-month blocks, capped at 8K), arguing it incentivises queue exit without excessive working capital requirements, and aligns with PCF analysis.

Several members supported this approach, noting it targets projects with low or zero current commitments and forces them to actively reconsider whether to stay in the queue. It was also seen as more proportionate, reducing unnecessary working capital burden compared to higher, front-loaded securities requirements.

Some members questioned whether the financial signal is strong enough, particularly for well-funded developers who may simply absorb the cost rather than exit. Others highlighted that developer behaviour may not always be driven by NPV, especially for speculative or “project-flipping” models, meaning the mechanism may not fully address the underlying issue.

There was also discussion on how the mechanism works in practice (e.g. how the floor is applied and escalates), with requests for worked examples to fully understand impacts. Overall, the discussion concluded that Alternative 7 provides a clearer economic signal tied to decision-making, Is less blunt than percentile-based approaches, but may need further refinement and supporting evidence to confirm its effectiveness.

Alternative 8 Presentation/Discussion

The Alternative 8, presented by NESO, proposes removing any exemption for co-located projects, meaning all oversubscribed technologies (including co-located batteries) would be subject to the OTCF regardless of whether they add network costs. The rationale is that co-located projects should be treated the same as all other queue entries, as they still contribute to overall battery oversupply and system impacts, and this approach aligns with Connections Reform principles of treating each project as a separate queue item.

The Workgroup discussion on Alternative 8 focused on whether co-located batteries should be exempt from the OTCF. Many participants raised concerns about the rationale and supporting evidence, particularly around how co-located projects actually contribute to queue delays, fault levels, and wider network impacts.

There was no clear consensus, with some supporting NESO's view that all projects should be treated equally to maintain a strong signal, while others questioned whether including co-located batteries would genuinely address the core issue of queue inefficiency. Overall, the group agreed that further analysis and clearer evidence are needed—especially on network impacts and alignment with the defined "defect".

Alternative Vote

The workgroup voted on Alternative 7 (the liabilities-based approach), which received clear majority support (17–11) and therefore progressed as a Workgroup Alternative (WACM3) for further development.

Alternative 8 (NESO's proposal on co-location) was not taken to a vote, as the Workgroup agreed more analysis and clarification were needed before deciding whether to progress it.

First Draft of Legal Text Discussion

The legal text presentation introduced an initial draft of how the OTCF would operate within the CUSC, based largely on the existing PCF framework. It sets out key elements such as how the fee is triggered, applied, escalated, frozen or removed, alongside new definitions for the queue, technology requirements, and calculation methodology.

The Workgroup discussion focused on the complexity and gaps in the drafting, particularly around defining the queue, determining the technology requirement, and ensuring accurate and consistent data inputs (including DNO contributions and energisation data). Workgroup members also highlighted the need to align legal drafting with policy intent, clarify timing and thresholds, and ensure the approach works across all proposed alternatives.

Overall, the legal text was recognised as early-stage and iterative, with agreement that significant further refinement, industry input, and collaboration would be needed before it is robust enough for final submission.

Next Steps

The next steps focused on progressing the modification through further development. The legal text will be refined with Workgroup feedback, including targeted collaboration sessions to improve drafting.

Additional data and analysis will be gathered to support outstanding issues, particularly around co-location and alternative options. Alternative 8 (NESO proposal) will be revisited at the next meeting with further clarity, while the agreed alternative (WACM3) will be developed alongside the original solution for inclusion in the Workgroup Report.

Actions

For the full Actions Log, click here.

Action Number	Workgroup Raised	Owner	Action	Due by	Status
32	WG7	TO/DNO/NESO	Provide quantitative data and analysis on the impacts and costs of co-located battery projects, including information from TOs and DNOs, to support decision-making on OTCF exemption criteria	WG8	Open
33	WG7	AD	Conduct and share analysis comparing the distribution of securities and liabilities between transmission and embedded projects, and include findings in the work group report	WG8	Open
34	WG7	RS	Prepare and circulate worked examples illustrating the mechanics and impact of the liabilities floor proposal	WG8	Open

	(Alternative 7) for clearer understanding by the Workgroup. Possibly all WACMs to provide Worked Examples?

Attendees

Name	Initial	Company	Role
Claire Goult	CG	NESO	Chair
Deborah Spencer	DSp	NESO	Technical Secretary
Andrew Enzor	AE	Field Energy	Proposer
Andy Ho	AH	Field Energy	Proposer Alternate
Ahmed Dabb	AD	Aura Power	Workgroup Member
Alastair Southworth	AA	Harmony Energy	Workgroup Alternate
Alex Ikonic	AI	Road Knight Taylor	Workgroup Member
Andrew Dudkowsky	AD	NESO	NESO Representative
Andrew Colley	AC	SSE Generation	Workgroup Alternate
Andrew Yates	AY	Statkraft	Workgroup Member
Angela Quinn	AQ	NESO Legal	Workgroup Observer
Ash Adams	AA	NESO	NESO Representative
Charles Saywell	CS	Apatura Energy	Workgroup Member
Chris Terry	CT	Fidra Energy	Workgroup Member
Chris White	CW	Research Relay Ltd	Workgroup Alternate
Ciaran Fitzgerald	CF	ScottishPower Renewables	Workgroup Member
Claire Hynes	CH	RWE	Workgroup Member
Deepak Solanki	DS	NESO	Workgroup Observer
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member

Gareth Williams	GW	Scottish Power Transmission	Workgroup Member
Gary Camplejohn	GC	Harmony Energy Ltd	Workgroup Member
George Radcliffe	GR	Econergy	Workgroup Member
Gerrad Mckillen	GM	Eden Renewables	Workgroup Alternate
Grahame Neale	GN	LightsourceBP	Workgroup Member
Grant Rogers	GR	Q Energy	Workgroup Member
Hafiz Milhan	HM	Zenobe	Workgroup Alternate
Helen Stack	HS	Centrica	Workgroup Member
Jalal Aljarad	JA	Greentech Projects Holding UK Ltd	Workgroup Alternate
Jack Purchase	JP	NGED	Workgroup Alternate
Joe Colebrook	JC	Innova	Workgroup Member
John Sturman	JS	NatPower Marine	Workgroup Member
Julia Magee	JM	Orsted	Workgroup Member
Karl Wilkins	KW	NGED	Workgroup Alternate
Khamun Ward	KWa	Voltwise Power Holdings Limited	Workgroup Alternate
Kimbrah Hiorns	JK	EDF Power Solutions	Workgroup Alternate
Kim Dawson	KDa	SPEN	Workgroup Observer
Kyran Hanks	KH	Waters Wye	Workgroup Member
Lamin Saidy	LS	Qair UK	Workgroup Member
Lee Wilkinson	LW	On Path Energy	Workgroup Member
Mattew Paige-Stimson	MPS	NGET	Workgroup Member
Matt Predescu	MP	Eclipse Power	Workgroup Alternate
Nathan Stevenson	NS	First Ways Energy	Workgroup Alternate

Navdeep Singh Gora	NSG	Northern Powergrid	Workgroup Member
Neil Brooks	NB	Root-Power	Workgroup Alternate
Paul Younman	PY	Drax	Workgroup Member
Philip Pateman	PPa	Aukera Energy	Workgroup Member
Ravinder Shan	RS	FRV Powertek Limited	Workgroup Member
Rob Smith	RS	ENSO Green Holdings Limited (EGHL)	Workgroup Member
Ross O Hare	ROH	SSEN	Workgroup Member
Ruth Matthew	RM	NESO SME	Workgroup Observer
Sam Aitchison	SAi	Island Green Power	Workgroup Member
Sarah Lightfoot	SL	Root-Power	Workgroup Member
Shabana Akhtar	SA	Ofgem	Authority Representative
Simon Sheridan	SS	NESO SME	Workgroup Observer
Sonia Poonam	SP	NESO SME	Workgroup Observer
Tom Sykes	TS	DESNZ	Government Observer