

CMP470: Introducing an Oversubscribed Technologies Commitment Fee

Workgroup Meeting 9

Thursday 21 May 1pm

Online Meeting via Teams

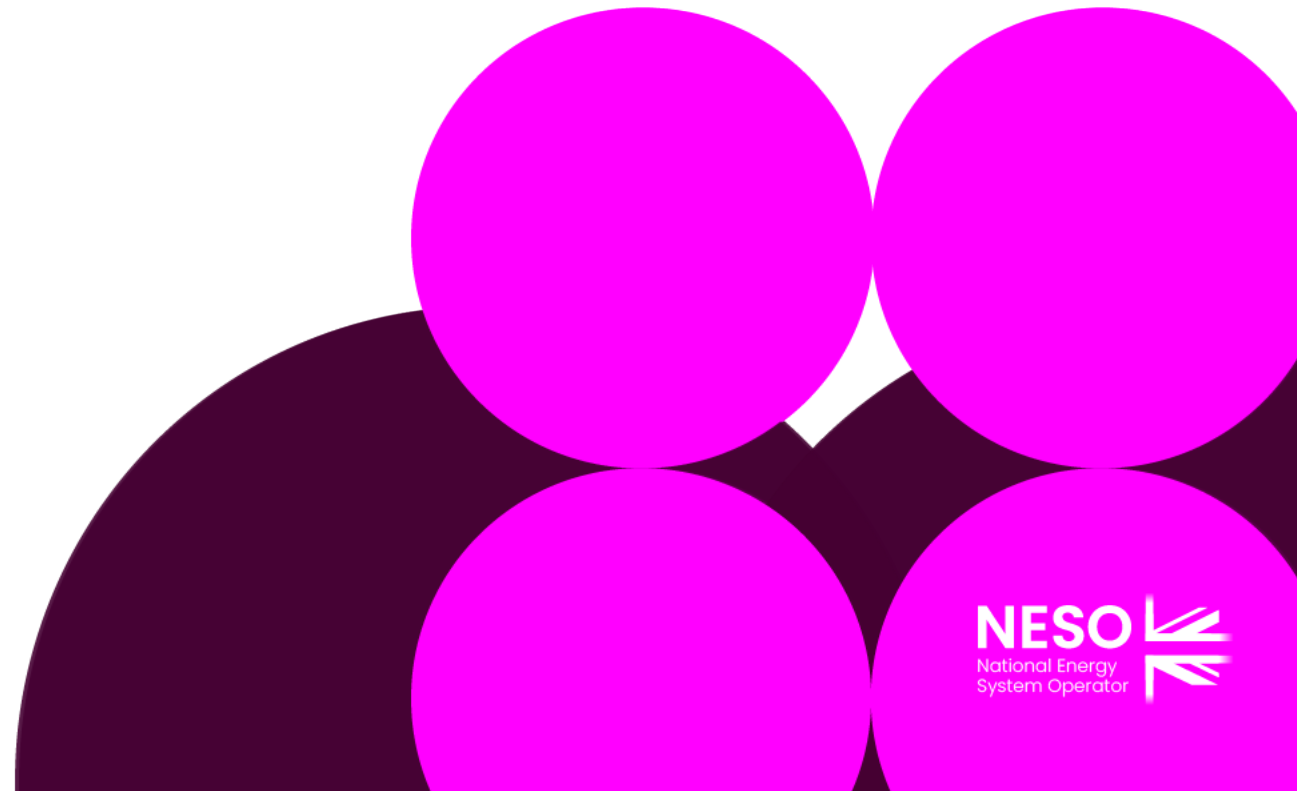
WELCOME

Agenda

Topics to be discussed	Lead
Workgroup Responsibilities and Membership	Chair
Timeline Update	Chair
Current CMP470 WACMs	All
Draft Legal Text Discussion	All
Proportionality of OTCF Levels, Financing Cost, and the Need for Cap / Floor / Tiered Treatment	SW/All
Draft Workgroup Report Discussion	All
Terms of Reference Discussion	All
Action and Query 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

Role	Name	Company	Industry Sector
Workgroup Member	George Radcliffe	Ecoenergy	Generator
Workgroup Member	Grahame Neale	LightsourceBP	Generator
Workgroup Member	Grant Rogers	Q Energy	Developer
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	Transmission Owner
Workgroup Member	Mithun Suresh	MASDAR	Investor/Developer
Workgroup Member	Navdeep Singh Gora	Northern Powergrid	Network Operator
Workgroup Member	Nik Froud	Greentech Projects Holding UK Ltd	Developer
Workgroup Member	Ollie Easterbrook	National Grid Electricity Distribution plc	Onshore Transmission Licensee
Workgroup Member	Paul Youngman	Drax	Generator

Workgroup Membership

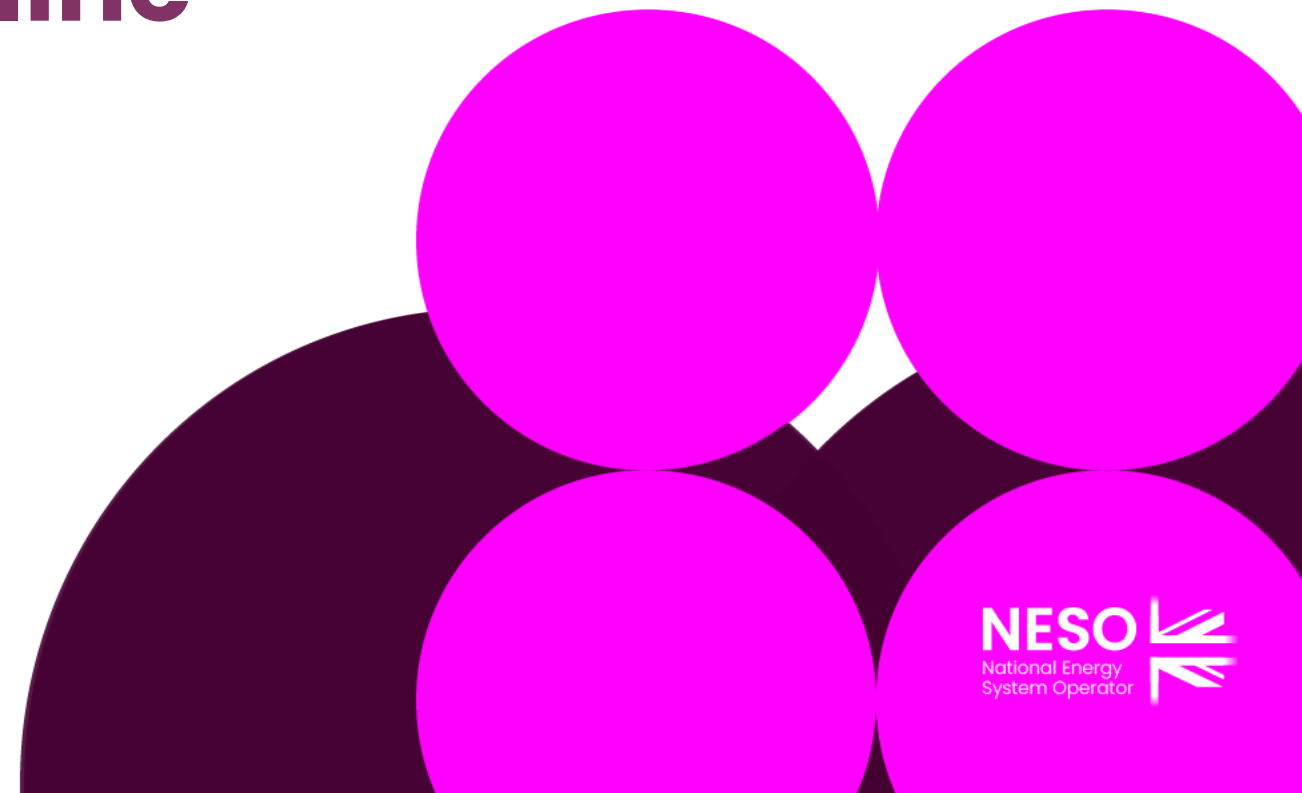
Role	Name	Company	Industry Sector
Workgroup Member	Philip Pateman	Aukera energy	Generator
Workgroup Member	Philip Patrick	Firstway energy	Bess Developer
Workgroup Member	Ravinder Shan	FRV Powertek Limited	Generator
Workgroup Member	Robin Dunne	InterGen	Generator
Workgroup Member	Rob Smith	ENSO Green 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	Developer
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

Objectives and Timeline

Claire Goult – NESO Code Administrator



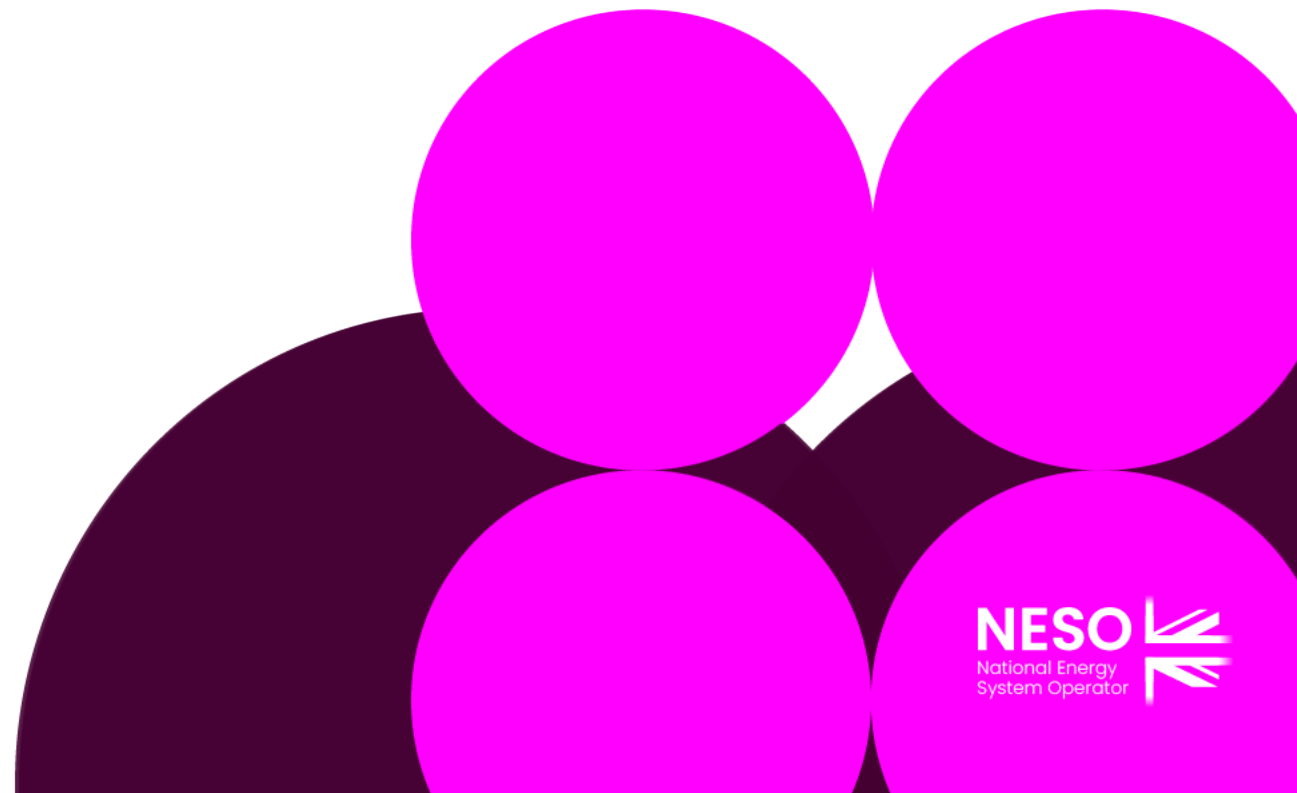
Urgent Timeline proposed changes

Requested two- week extension

Workgroups		
Workgroup 7	14 May 2026	Finalise Original/ Alternatives and vote
Workgroup 8	19 May 2026	Discuss solutions & Legal text/ Alternative Vote
Workgroup 9	21 May 2026	Review legal text
Workgroup 10	28 May 2026	Finalise Legal Text for Original & WACMs
Workgroup 11	02 June	Finalise Workgroup Report/ Review ToR
Workgroup 12	04 June	Agree ToR and Workgroup Vote
Post Workgroups		
Workgroup Report to Panel	11 June	Special Panel 19 June 2026 (already planned)
Code Administrator Consultation	23 June 2026 – 30 June 2026 (5 Business Days due to Urgency)	
Draft Final Modification Report to Panel	06 July 2026 (Late Papers)	Special Panel on 10 July 2026 (already planned)
Final Modification Report to Ofgem	14 July 2026	Decision TBC
Implementation Date	01 January 2027	Proposers Request

Current CMP470 WACMs

ALL



Workgroup Alternative CUSC Modifications

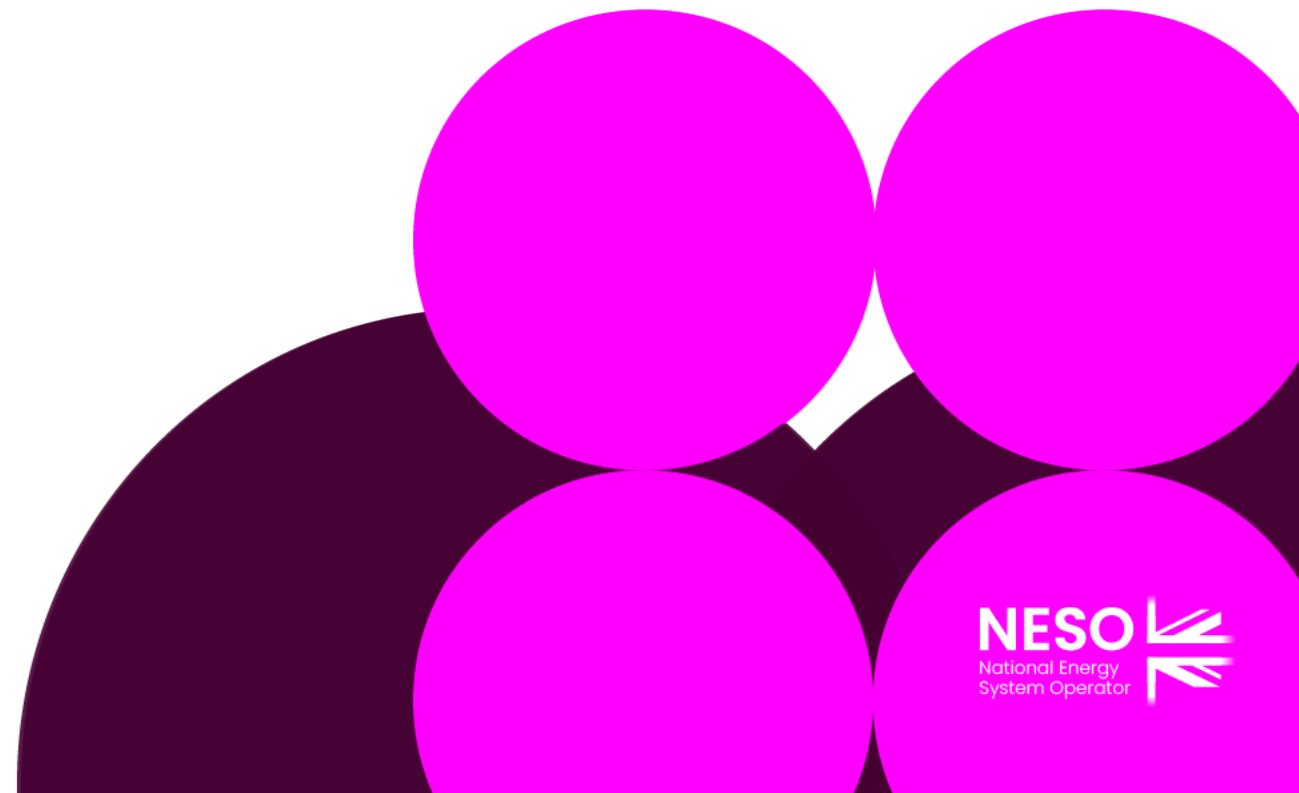
<p>WACM 1 OTCF Cap and Floor (Raised by OnPath Energy – Lee Wilkinson)</p>	<p>Cap the OTCF at a value equal to the maximum posted security a project would be required to post at any point ahead of the energisation date.</p> <p>The OTCF would ramp up at the same rate as in the Original Proposal, with 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 profile.</p>
<p>WACM2 Queue Management milestone M8 (Project Construction) (Raised by Zenobe – Tom Palmer)</p>	<p>The Oversubscribed Technology Commitment Fee (OTCF) will be disappplied to projects where they have met all milestones up to and including M8 (Project Construction).</p>
<p>WACM3 Liabilities Floor (Raised by Enso Energy – Rob Smith)</p>	<p>This alternative differs from the original proposal under 3 criteria</p> <ol style="list-style-type: none"> 1. The OTCF commences at a value of £2000/MW with increments of £2000/MW at each 6 monthly charging blocks, capped at a total of £8000/MW 2. The OTCF value is a floor on the project liabilities (securities are calculated from the liabilities value as per the existing CUSC methodology) 3. The OTCF finishes when the User has met connection Queue Management milestone (QM8)
<p>WACM4 Include co-located projects within scope of the OTCF (Raised by NESO – Andy D)</p>	<p>Co-located oversubscribed technologies remain liable for the OTCF. If a technology is oversubscribed and the Oversubscribed Technologies Commitment Fee (OTCF) is triggered, the OTCF will apply to all Transmission Entry Capacity (TEC) of the oversubscribed technology in the connections queue. This includes oversubscribed technologies even if they are a part of a co-located project.</p>

Draft Legal Text Discussion

ALL

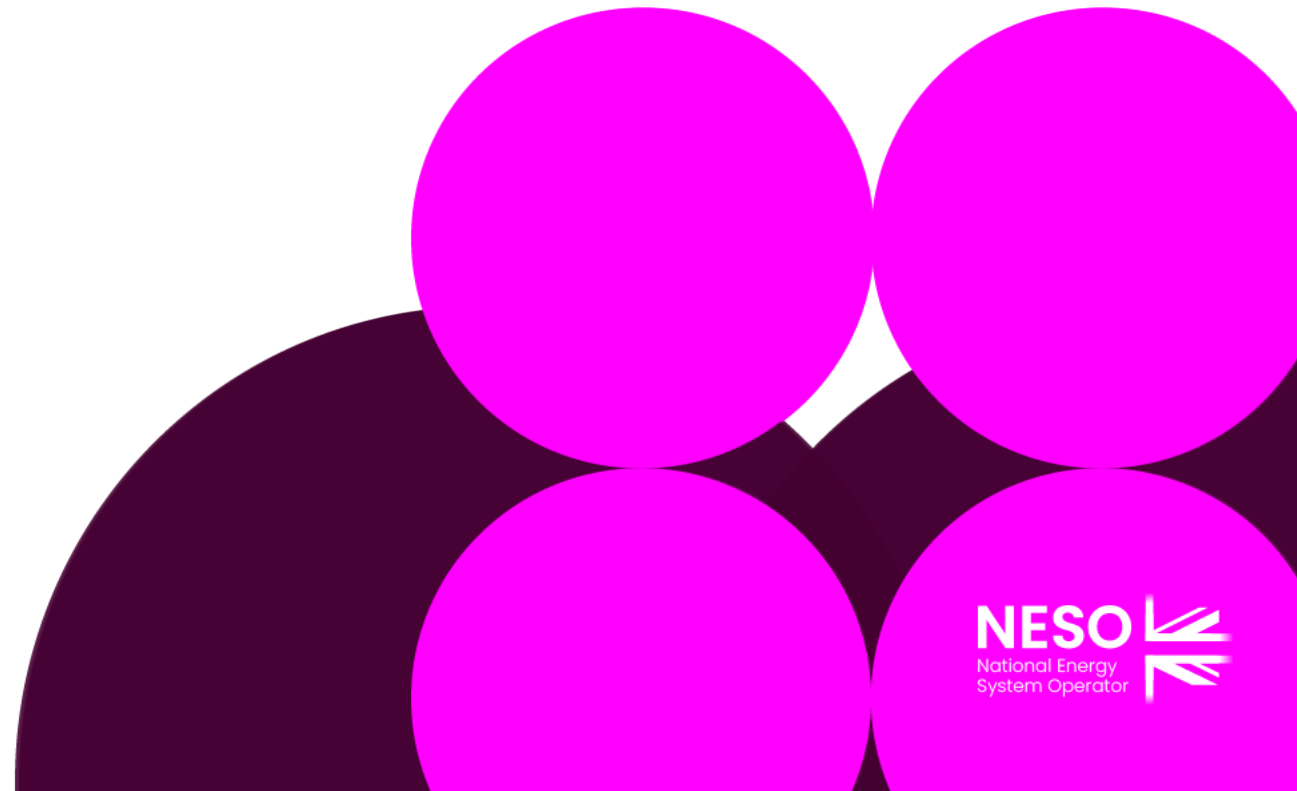
Draft Workgroup Report Discussion

ALL



Terms of Reference Discussion

ALL



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. |

Action and Query Log Update

Claire Goult – NESO Code Administrator

CMP470 Actions Review

Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
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	Awaiting data from NESO to move forward with this one.
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	Action update in folder, Proposer suggests NESO talk through this at next WG.
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	Propose to close	
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	Propose to Close	See action 19
13	WG4	DS	Check and confirm whether any customer has ever defaulted on termination (cancellation) charges and report back to the Workgroup	WG5	Propose to close	BESS Data provided on securities and terminations
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	Close	Duplicate of Action 4
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	Propose to close	

CMP470 Actions Review

Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
23	WG5	EG/AD	Obtain and circulate a definitive response from NESO, code admin, and legal regarding whether the modification impacts EBR, and include an explanation in the Workgroup Report.	WG6	Open	Chair added to report but requires NESO legal response required to be put into report
24	WG5	AD	Investigate and clarify whether force majeure provisions apply to cancellation charges (including PCF and CMP192) and report back to the Workgroup.	WG6	Propose to close	Section 16 and Schedule 2 Exhibit 3 of the CUSC refers to force majeure in the context of connections. - NESO SME to update in Workgroup 6
26	WG6	DS	Add a clear written explanation to the data set specifying what is included in "current securities," "current liabilities," "maximum liabilities," and "maximum securities," and ensure the data set is tightly defined for new users.	WG7	Propose to close	Chair has put definition into report – is this sufficient?
27	WG6	DS	Assess and provide information on the distribution of liabilities between projects in phase one and phase two, and confirm what level of detail can be shared with the Workgroup. There was also a request to document precisely what the data set includes for future reference.	WG7	Open	This was requested again in Workgroup 7

CMP470 Actions Review

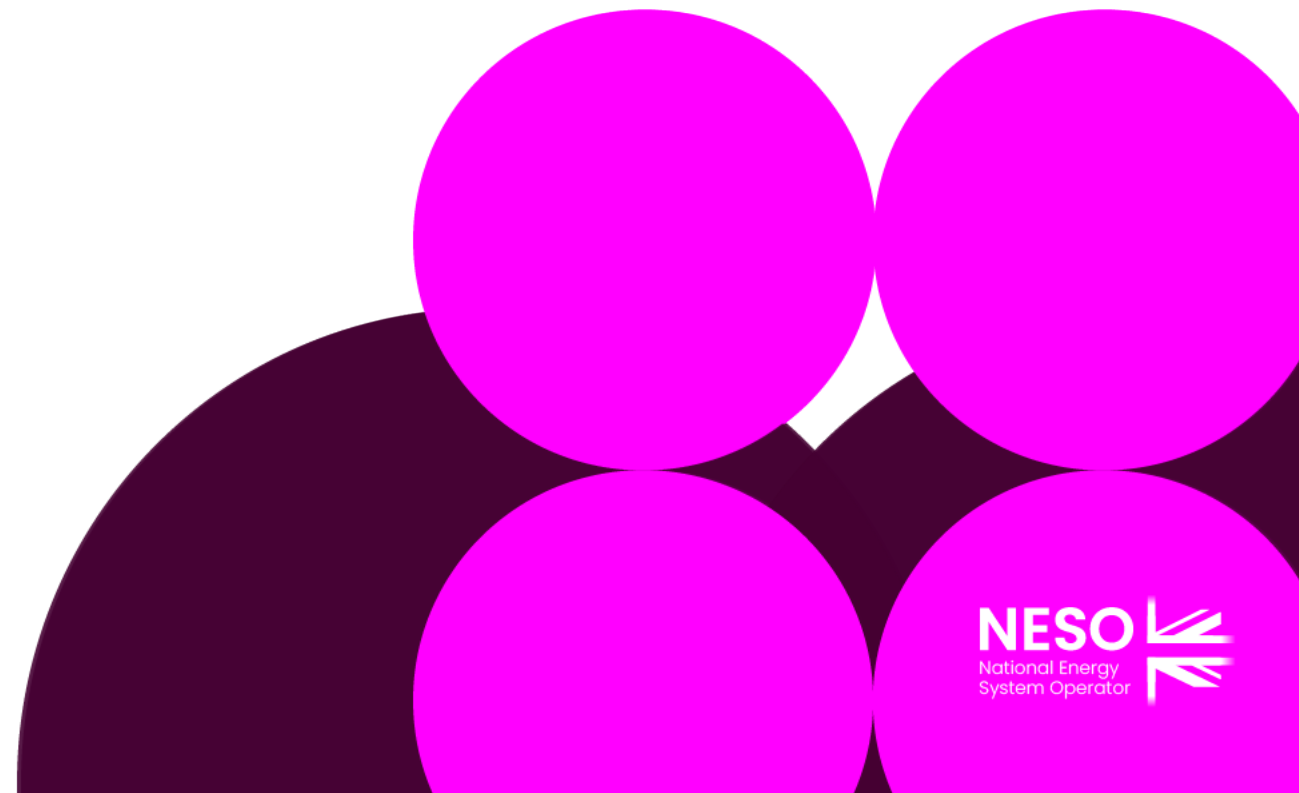
Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
29	WG6	TOs/DNOs	Gather and provide views from all Transmission Owners (TOs) and Distribution Network Operators (DNOs) on whether there is a negative network impact from having more battery energy storage (BESS) than needed, even if BESS is behind a co-located project, and articulate these impacts in writing for the Workgroup.	WG7	Open	Can this action be achieved on the timeline?
30	WG6	DG	Draft and propose a definition or criteria for "minimal attributable works or connection costs" for co-located projects to improve the carve-out wording and share with Andrew Enzor for consideration.	WG7	Open	
31	WG6	AD	Confirm and clarify how NESO models batteries in relation to their impact on network capacity and attributable works and share this information with the Workgroup.	WG7	Open	Some information given in WG8 – does this need further clarification?
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	Can this action be achieved on the timeline?
34	WG7	RS	Prepare and circulate worked examples illustrating the mechanics and impact of the liabilities floor proposal (Alternative 7) for clearer understanding by the Workgroup	WG8	Open	
36	WG8	AD/NESO SMEs	Produce and share a data set showing the number and megawatts of hybrid projects that would meet the exemption criteria in the original solution (battery connects later, no tech increase, <£250k attributable works/connection costs).	WG9	Open	
37	WG8	Workgroup members	Submit in writing any outstanding questions or evidence requirements related to the new work group alternative (WACOM 4) to the chair by close of play today for NESO SME follow-up	WG9	Open	

CMP470 Actions Review

Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
38	WG8	NESO SMEs	Confirm with NESO when Gate 2 Phase 1 (non-2026/27 protected) offers are expected to be issued, or if any TOCOs have been received, to inform the urgency and length of the requested timeline extension.	WG9	Propose to close	NESO confirmed they will not release the information requested and have referred the WG to the ENA website.
39	WG8	NESO SMEs/AD/Proposer/Ofgem	Arrange and conduct an offline meeting (including Ofgem) to agree on the timeline and process for calculating oversubscription and applying the OTCF, to inform the legal text update	WG9	Open	Update in WG9
40	WG8	Workgroup members	Review the draft Workgroup Report, focusing on whether all Terms of Reference (especially F, H, and I) have been adequately considered and provide feedback or additional evidence as needed	WG9	Open	
41	WG8	NESO SME	Can NESO supply the list of technologies to which the OTCF will apply.	WG9	Propose to Close	Update in WG9

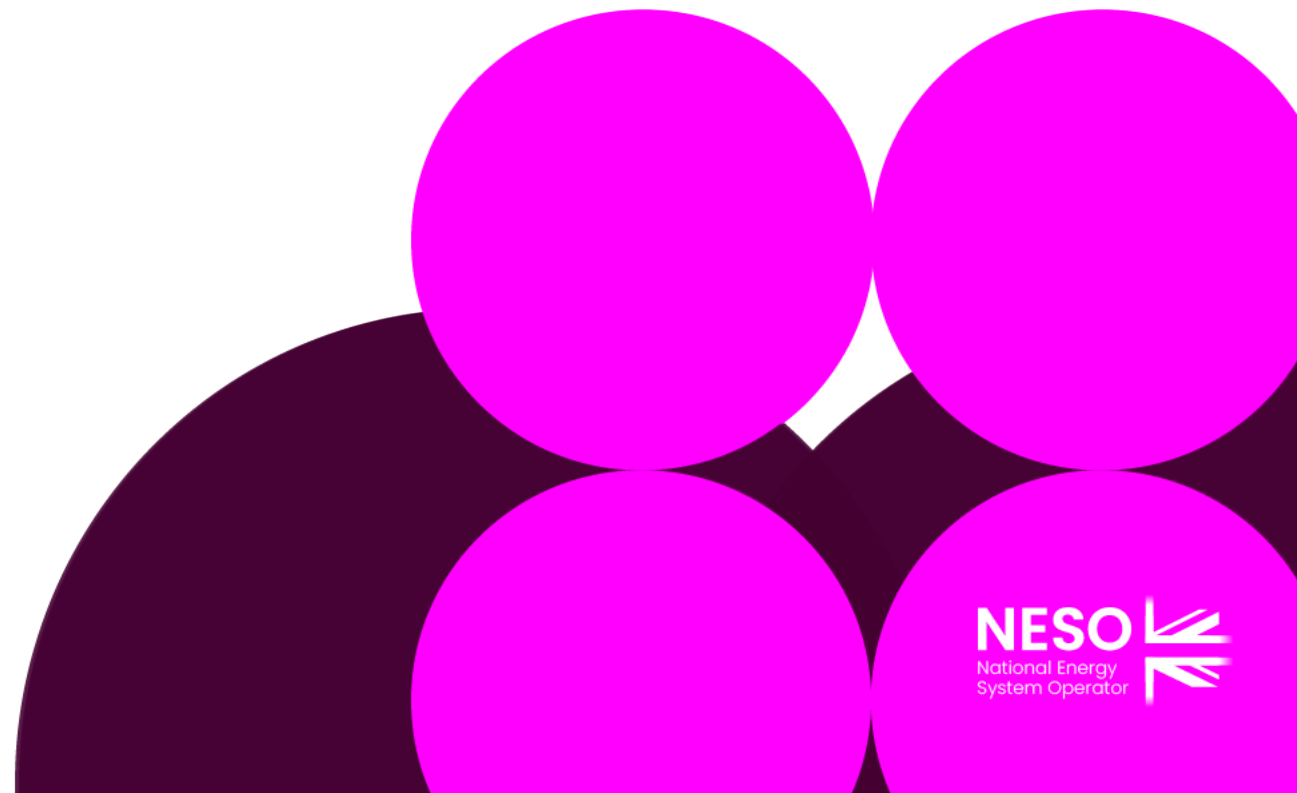
Any Other Business

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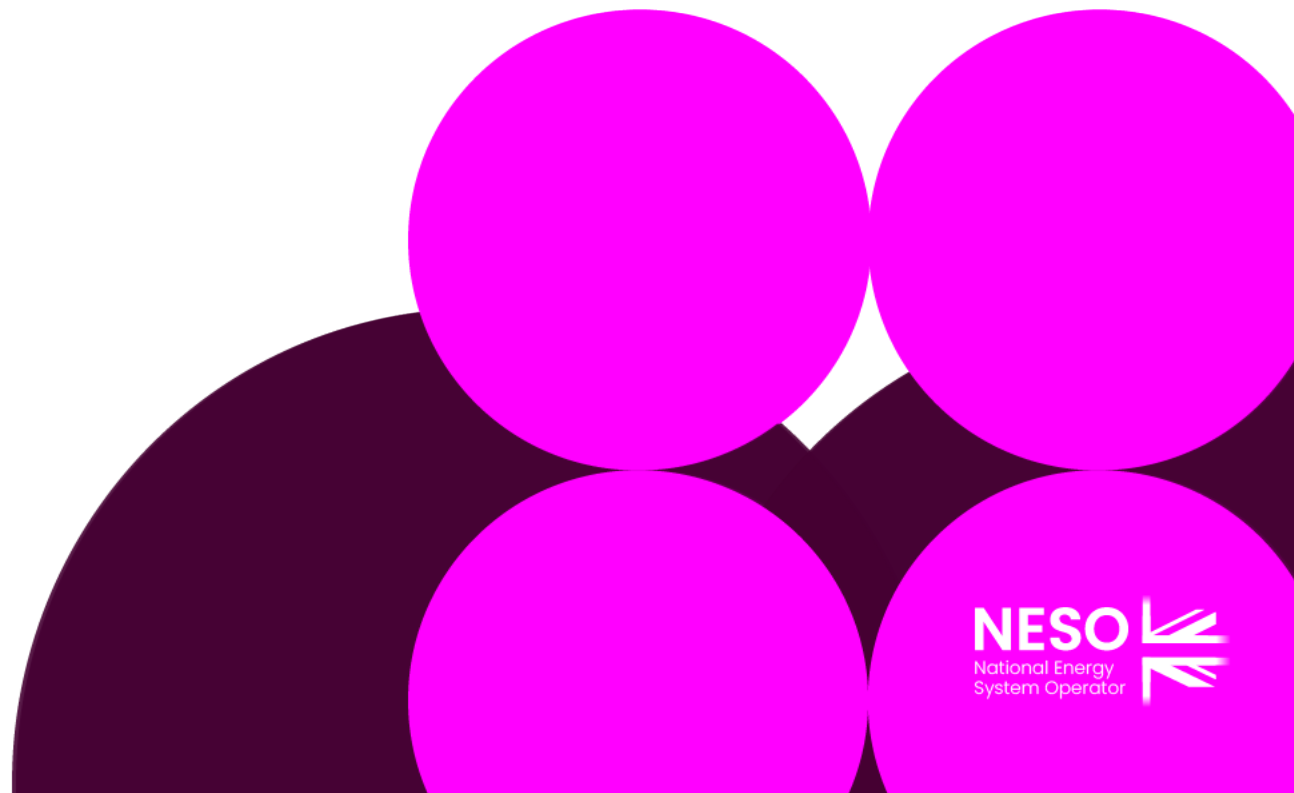


Next Steps

Claire Goult – NESO Code Administrator



Appendix



Terms of Reference

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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.