

# CMP470: Introducing an Oversubscribed Technologies Commitment Fee

Workgroup Meeting 12

**Thursday 04 June 10am**

Online Meeting via Teams

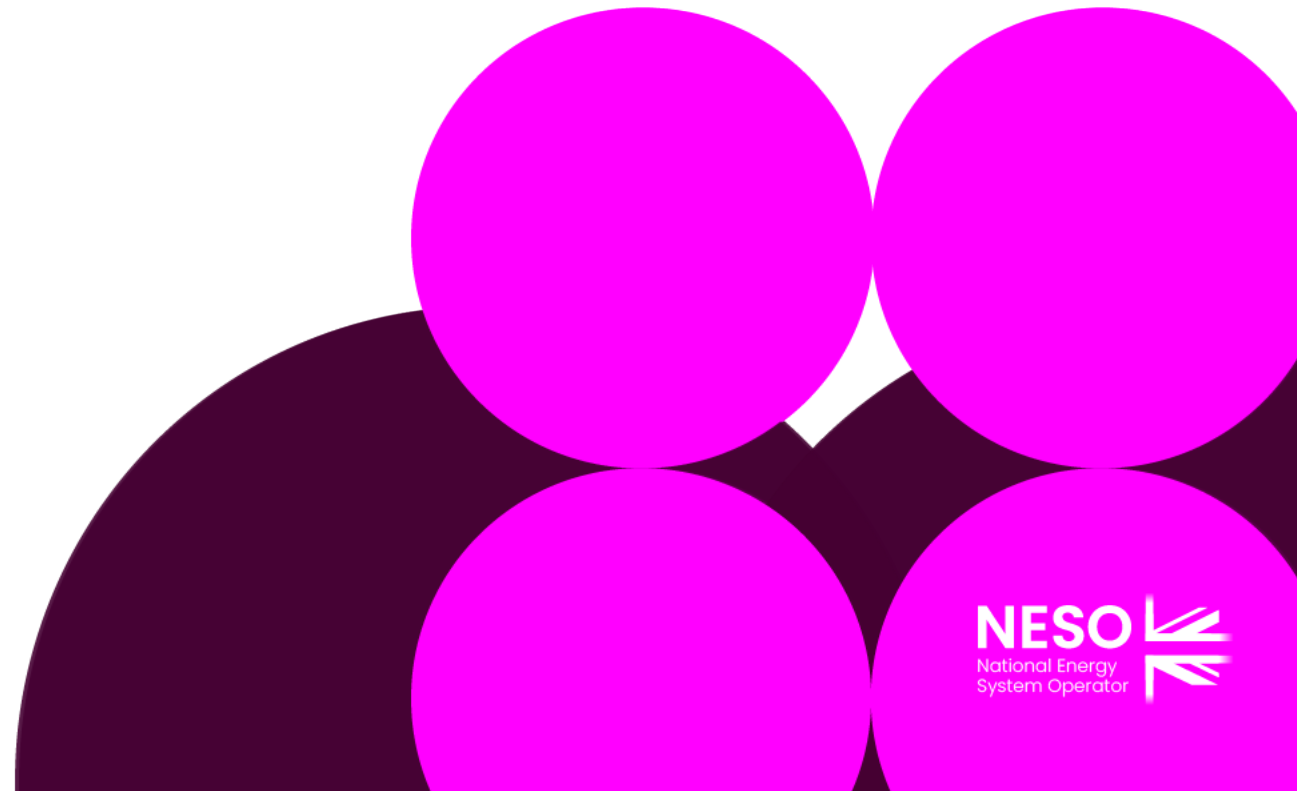
# WELCOME

# Agenda

Topics to be discussed	Lead
Workgroup Responsibilities and Membership	Chair
Timeline Update	Chair
Connections Methodologies Consultation Update	NESO SME
NESO Rep Update/Legal Text Update	NESO Representative
Ofgem agreement regarding the timetable for issuing connection offers under the Gate 2 to Whole Queue ("G2tWQ") process	All
Draft Workgroup Report Discussion	All
Terms of Reference Discussion	All
Action and Query Log Update	Chair
Workgroup Vote	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

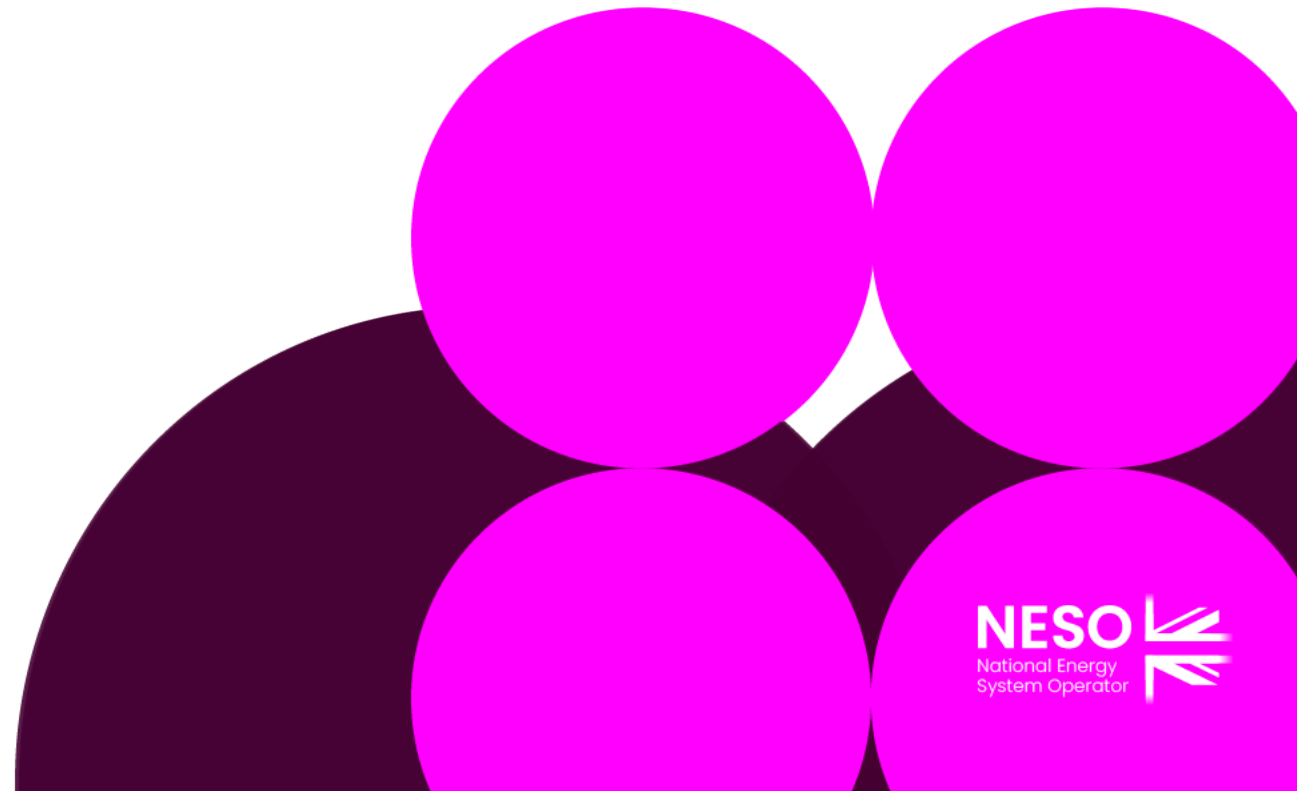
Role	Name	Company	Industry Sector
Workgroup Member	Philip Pateman	Aukera energy	Generator
Workgroup Member	Philip Patrick	Firstway energy	Bess Developer
Workgroup Member	Ravinder Shan	FRV Powertek Limited	Generator
Workgroup Member	Robin Dunne	InterGen	Generator
Workgroup Member	Rob Smith	ENSO Green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

# Timeline

Claire Gault – NESO Code Administrator



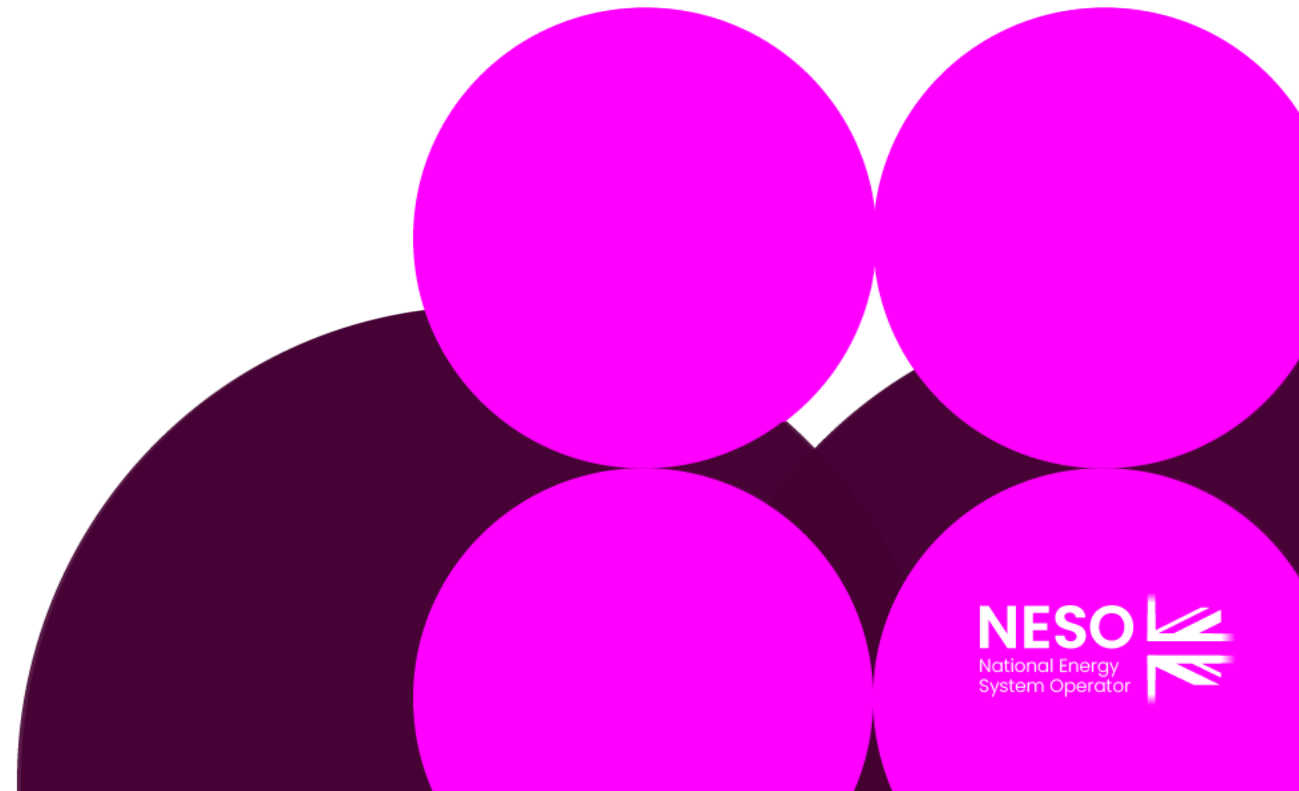
# Urgent Timeline proposed changes

## Requested two- week extension

<b>Workgroups</b>		
Workgroup 7	14 May 2026	Finalise Original/ Alternatives and vote
Workgroup 8	19 May 2026	Discuss solutions & Legal text/ Alternative Vote
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<b>Post Workgroups</b>		
<b>Workgroup Report to Panel</b>	<b>11 June</b>	<b>Special Panel 19 June 2026 (already planned)</b>
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Implementation Date	01 January 2027	Proposers Request

# Connection Methodologies Consultation Update

Dayna Rodger



# Overview of consultation responses on battery oversupply

## Summary of key themes from the consultation

- Majority of respondents accept that actions are required to address battery oversupply.
- Majority (54%) showed strong opposition to disapplying protections 3a / 3b in next window. Examples of themes include:
  - The market should be able to decide.
  - Retroactive changes without sufficient notice.
  - Risk of discriminating against Scottish projects due to divergent planning system
- 26% supported disapplying protections.
- 20% were neutral.
- Respondents highlighted use of a financial mechanisms as an alternative to disapplying protections (i.e. CMP470). Split views generally on the introduction of an additional financial incentive.
- Minority support for other mechanisms such as bay sharing/contestable works to maximise projects able to connect, enhanced queue management and cost/TEC amnesties.

## Next steps / outcomes

- We cannot share our proposed position in response to this consultation as this is confidential until we formally submit our methodology to Ofgem. This will be completed mid-June.

As highlighted in our WACM, **we are supportive of the introduction of an appropriately designed financial incentive** which aligns to the principle and benefits of connection reform: efficient network planning, build and connections that ensures investor confidence and that enables cost efficient attainment of CP30.

# Actions Update/Draft Legal Text Update

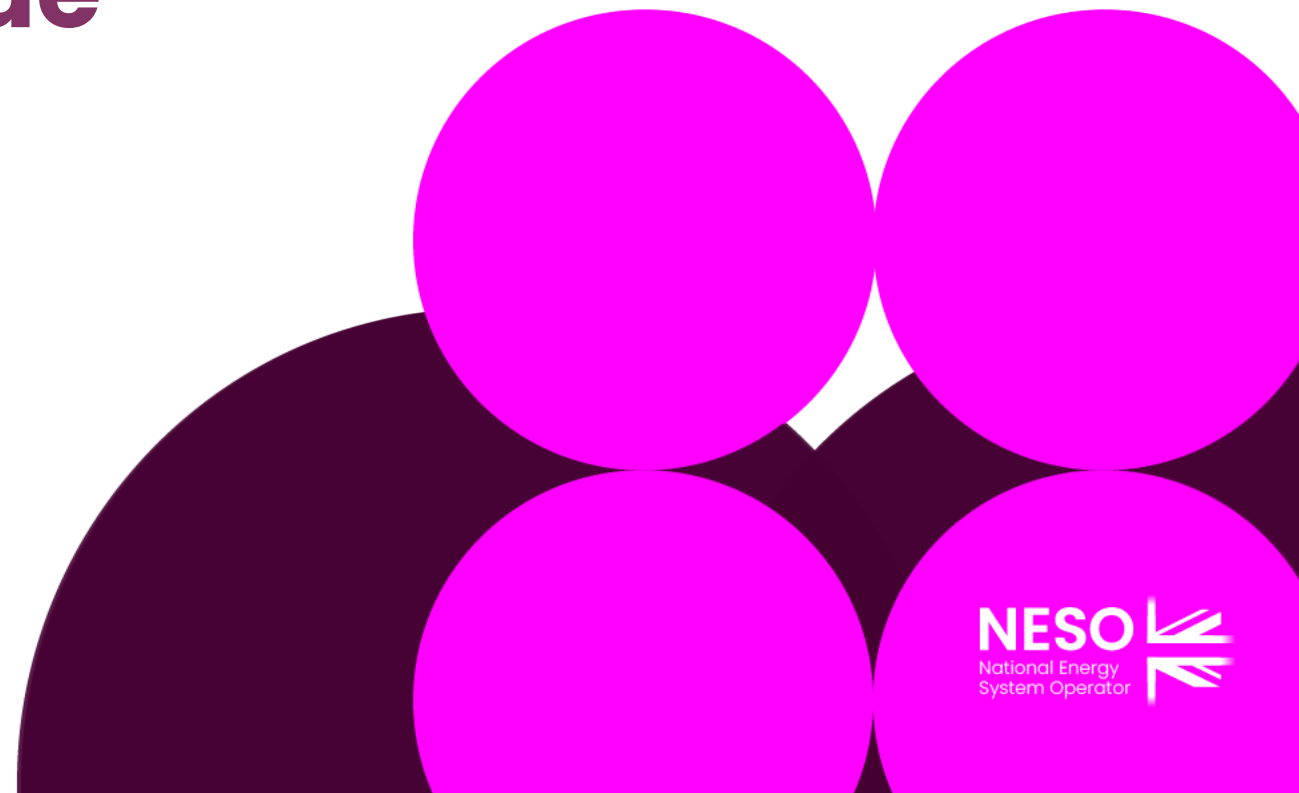
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# Securities Definitions

	Definition	When it applies
Current Liabilities	<i>"Current Liabilities"</i> means the total cancellation charge payable by a User if the Relevant Connection Agreement(s) were terminated at the present time, based on forecast and actual transmission works costs and determined in accordance with the applicable Security Methodology.	At the present time (i.e. if the project were terminated now).
Current Securities	<i>"Current Securities"</i> means the amount of financial security required from a User at the present time, calculated as the applicable proportion of the Current Liabilities in accordance with the relevant Security Methodology and project status.	At the present time, reflecting the User's current security requirement.
Maximum Liabilities	<i>"Maximum Liabilities"</i> means the highest total cancellation charge that may become payable by a User under the Relevant Connection Agreement(s) at any point, based on forecast transmission works costs and determined in accordance with the applicable Security Methodology.	At any point during the project lifecycle, where liability exposure is highest.
Maximum Securities	<i>"Maximum Securities"</i> means the highest amount of financial security that may be required from a User at any point, calculated as the applicable proportion of the Maximum Liabilities in accordance with the relevant Security Methodology.	At any point during the project lifecycle, where the security requirement is highest.

# Ofgem agreement regarding the timetable for issuing connection offers under the Gate 2 to Whole Queue ("G2tWQ") process

ALL



## Garth Graham's Suggestion for the report

In light of Ofgem's decision (published yesterday [Ofgem agreement regarding the timetable for issuing connection offers under the Gate 2 to Whole Queue \("G2tWQ"\) process](#)) it might be good to spend a few moments at tomorrow's call to consider:

Is this for the purposes of CMP470:

- (1) something that we need to address in our Report; or
- (2) not something we need to address.

*If* it's (1) we should draft some wording to add in.

*If* it's (2) might I suggest wording along the lines of what we have said already (on page 22-23) with the DESNZ / Ofgem open letter:

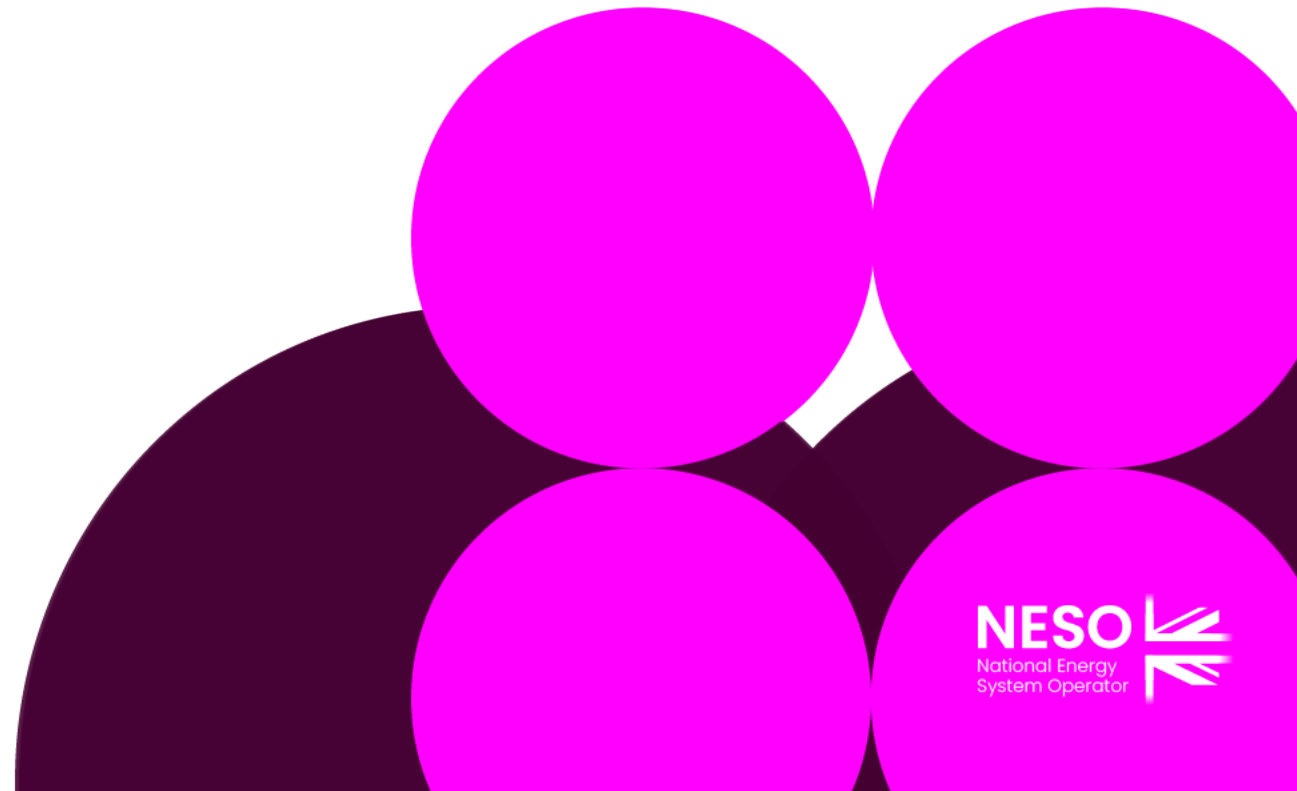
The day before [the penultimate] Workgroup meeting [12] Ofgem issued its decision "regarding the timetable for issuing connection offers under the Gate 2 to Whole Queue ("G2tWQ") process" [add footnote link]. The Workgroup discussed this the following day and agreed, in the context of CMP470 only, it was of no material concern as it only relates to Gate 1 offers (rather than Gate 2 offers, which are relevant in the context of the OTCF).

# 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
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	Proposer suggests discussion needed
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
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	Open	Chair has put dataset information into report – is this sufficient? Proposer suggest this is still open, discuss?
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
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?

# CMP470 Actions Review

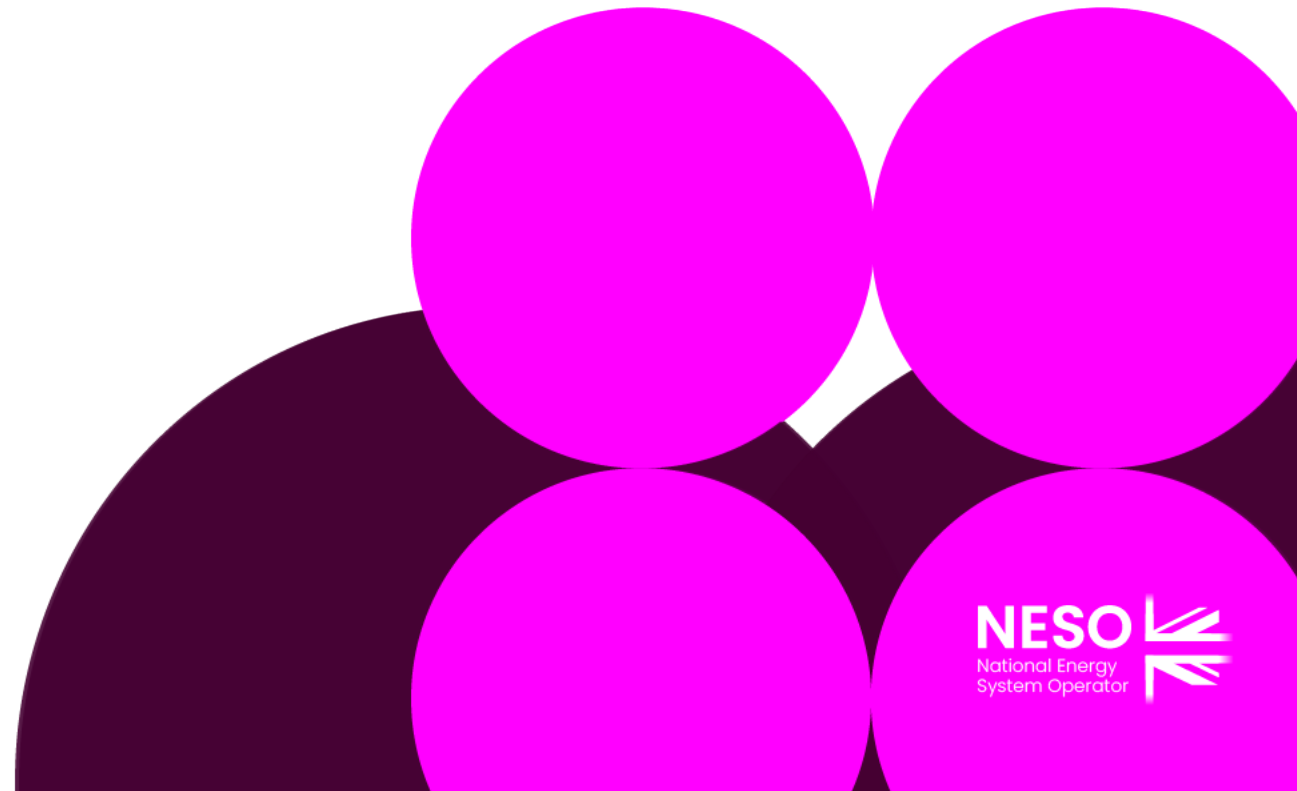
Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
34	WG7	RS	Prepare and circulate worked examples illustrating the mechanics and impact of the liabilities floor proposal (Alternative 7) for clearer understanding by the Workgroup	WG8	Open	
36	WG8	AD/NESO SMEs	Produce and share a data set 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	This is important. We can live without the <£250k attributable works/connection costs nuance, and I think rest should be very straightforward for NESO to provide
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	
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	Open	NESO confirmed they will not release the information requested and have referred the WG to the ENA website. Workgroup members feel this information is still required.
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	Clarify status?	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	Open	Update in WG9

# CMP470 Actions Review

Action Number	Workgroup Raised	Owner	Action	Due by	Status	Latest
42	WG9	Workgroup members	Provide feedback to the Proposer on the two proposed options for applying OTCF to co-located sites, including any alternative suggestions	WG10	Open	
45	WG9	Workgroup members	Provide feedback on the proposed cap and floor values for OTCF, including views on whether a new alternative should be raised and what the appropriate numbers should be.	WG10	Open	

# Workgroup Vote

Claire Gault – NESO Code Administrator



# Can I vote? And What is the Workgroup Vote?

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

## Stage 2 – Workgroup Vote

- 2a) Assess the original and Workgroup Alternative (if there are any) against the relevant Applicable Objectives compared to the baseline (the current code)
- 2b) Vote on which of the options is best.

Alternate Requests cannot be raised after the Stage 2 – Workgroup Vote

Term	Meaning
<b>Baseline</b>	The current CUSC (if voting for the Baseline, you believe no modification should be made)
<b>Original</b>	The solution which was firstly proposed by the Proposer of the modification
<b>WACM</b>	Workgroup Alternative CUSC Modification (an Alternative Solution which has been developed by the Workgroup)

**For reference the Applicable CUSC (non-charging) Objectives are:**

- i. *The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence\*;*
- ii. *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- iii. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency \*\*; and*
- iv. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

\* See Electricity System Operator Licence

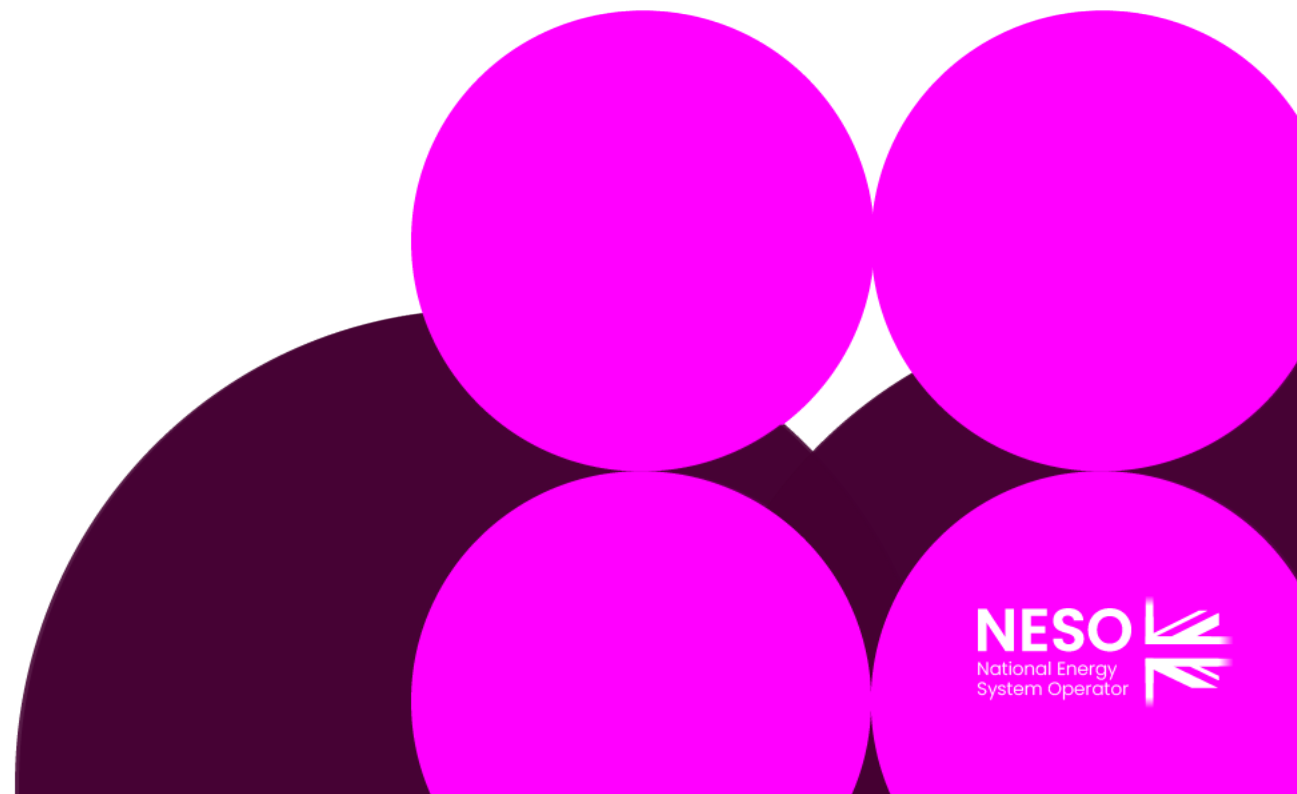
\*\*The Electricity Regulation referred to in objective (iii) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

Workgroup Member	Better facilitates ACO (i)	Better facilitates ACO (ii)	Better facilitates ACO (iii)	Better facilitates ACO (iv)	Overall (Y/N)
	John Smith – Energy For You				
<b>Original</b>	<b>y</b>	<b>-</b>	<b>-</b>	<b>y</b>	<b>y</b>
<b>WACM1</b>	<b>n</b>	<b>n</b>	<b>n</b>	<b>-</b>	<b>n</b>
<b>WACM2</b>	<b>n</b>	<b>-</b>	<b>y</b>	<b>y</b>	<b>y</b>
<b>WACM3</b>	<b>y</b>	<b>-</b>	<b>n</b>	<b>n</b>	<b>n</b>
<b>WACM4</b>	<b>n</b>	<b>-</b>	<b>-</b>	<b>n</b>	<b>n</b>
<b>WACM5</b>	<b>n</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n</b>
<b>Voting Statement:</b>					
I believe the Original and WACM2 are better than the Baseline because.....					

Workgroup Member	Company	Industry Sector	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
John Smith	Energy For You	Battery Storage	Original	(i), (iv)
Jane Bloggs	Solar Energy Ltd	Developer	Baseline	N/A
Jack White	Clean Power	Generator	WACM3	(i), (ii), (iii)

# Any Other Business

Claire Goult – NESO Code Administrator



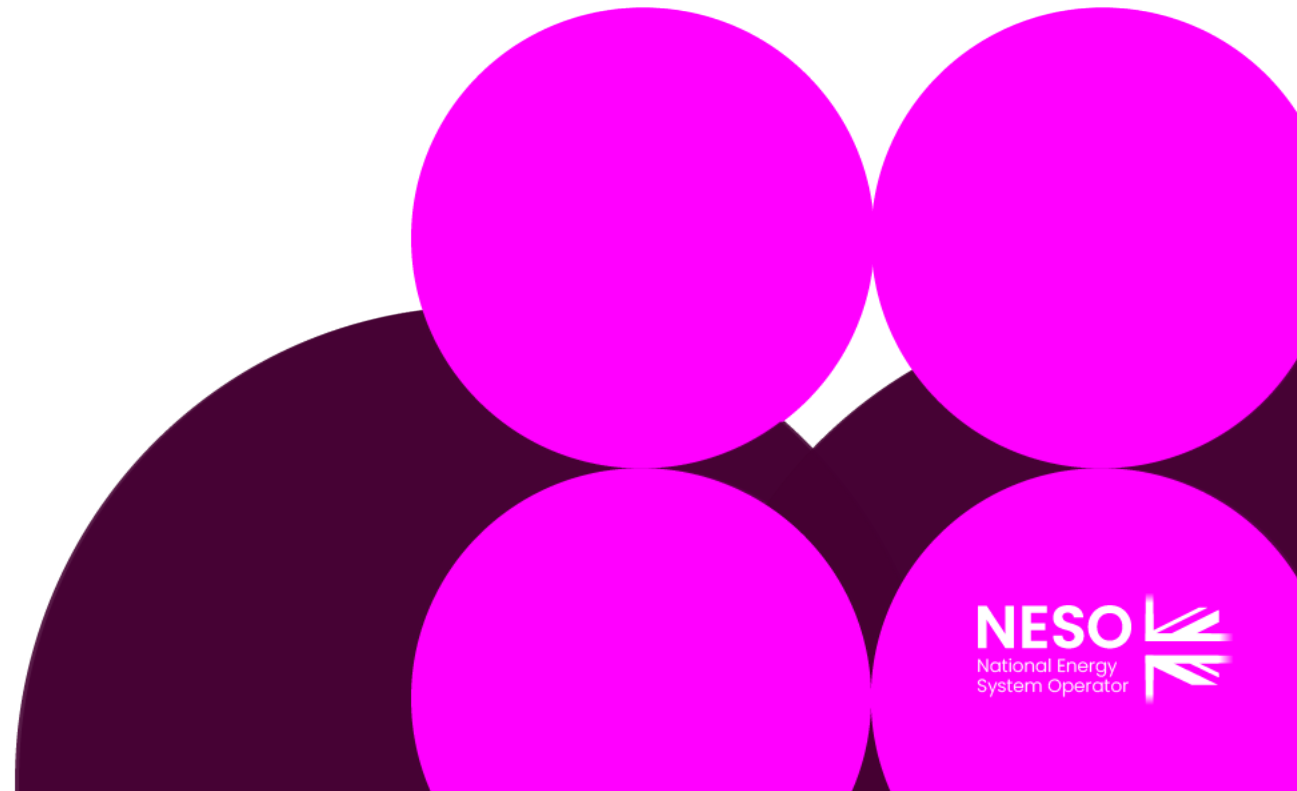
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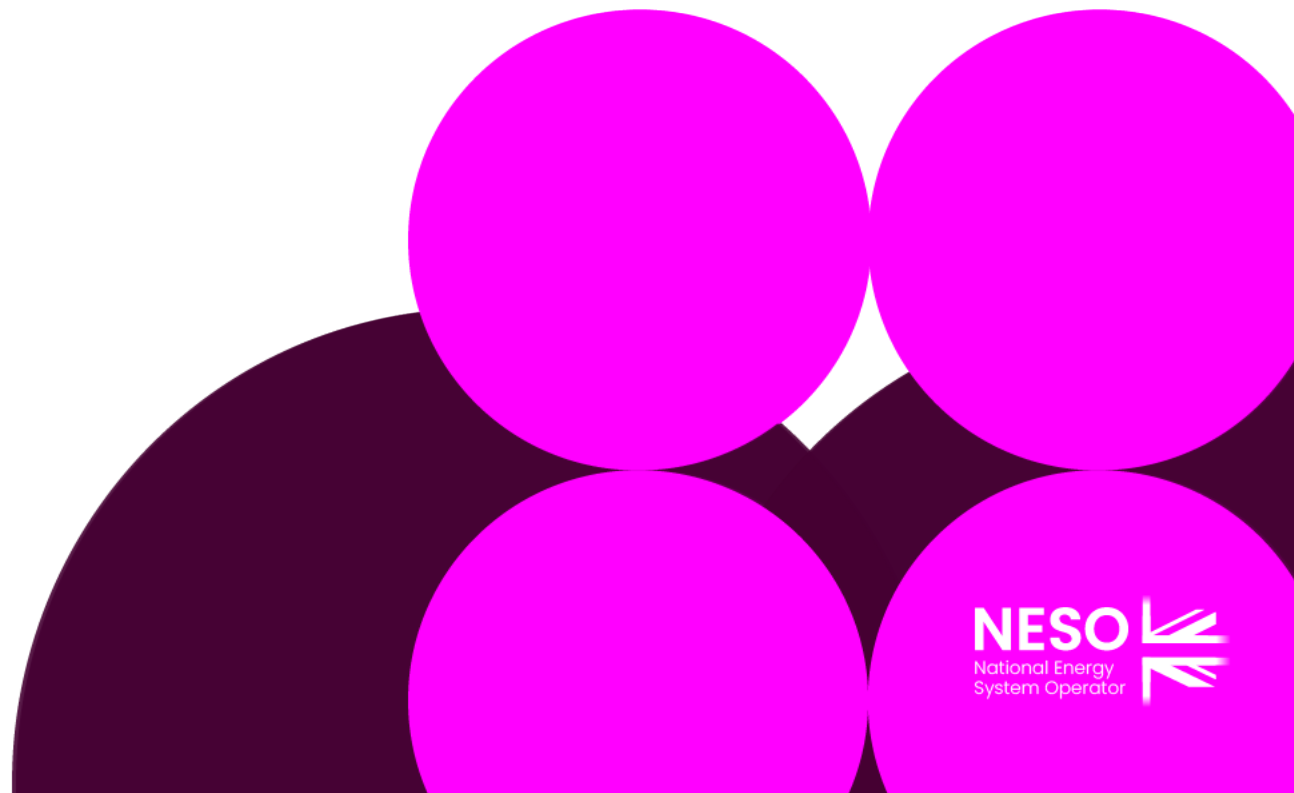
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# Next Steps

Claire Goult – NESO Code Administrator



# Appendix



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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.