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Code Administrator Meeting

Summary

Workgroup Meeting 14: CMP470 – Introducing an Oversubscribed Technologies Commitment Fee (OTCF)

Date: 08 June 2026

Contact Details

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

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

Key areas of discussion

Workgroup 14 focused on finalising the CMP470 legal text for the Original proposal and all WACMs.

Finalise Original and WACM Legal Text

The NESO SME outlined a series of overarching changes applied across both the Original and WACM legal text, including removal of redundant provisions on security release, confirmation that certain terms such as “technology type” did not need formal definition, and standardisation of drafting by using “project” as a non-defined term. Additional refinements ensured consistency in terminology, such as explicitly referring to “relevant” embedded generation categories, reflecting advice from the NESO legal team.

For WACM 1, the discussion centered on the introduction of a structured methodology for calculating the maximum lifetime cancellation charge secured amount, supported by a forecast profile. The intent was to give greater transparency on how securities evolve over time, with NESO required to issue both the profile and the maximum value with each cancellation charge statement. The Workgroup examined how planning assumptions should feed into this calculation, particularly whether forecasts should reflect current planning status, future expected milestones, or assumed outcomes. There was general alignment that planning should be based on dates in the construction agreement, although this raised complexity for distribution projects where equivalent data may not be held centrally. This led to further discussion on whether assumptions or additional obligations on DNOs would be required, with an action taken to refine the drafting. The Workgroup members also agreed practical parameters such as allowing ten business days for users to challenge calculated values and clarified that the maximum secured amount would not reduce retrospectively once established.

The discussion on WACM 2 focused on how the OTCF should apply up to the point at which all user progression milestones are met. The Workgroup members explored how this concept should be captured legally, particularly whether references should be embedded throughout the

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drafting or handled more cleanly through core provisions in Part 6. A key theme was ensuring that the drafting appropriately reflected project-level application rather than user-level aggregation, especially where users hold multiple projects. There was also detailed consideration of how milestone concepts apply to distribution-connected projects, where equivalent “user progression milestones” do not formally exist in the same way as transmission. The Workgroup members debated whether to rely on existing ENA processes, create new defined terms, or use more flexible drafting, with a preference emerging to align with existing definitions where possible while avoiding unnecessary complexity

For WACM 3, the primary change was shifting the application from liabilities to securities, simplifying the drafting by removing duplicated formulae where the OTCF effect was already embedded. The Workgroup members reviewed amendments to the numerical values and confirmed that some provisions included in the Original proposal were no longer required in this variant. There was also attention to ensuring that changes were clearly visible in the drafting, with suggestions to retain strike-through formatting to aid transparency.

WACM 4 was comparatively straightforward, involving the removal of the co-location exemption with minimal further debate. In contrast, WACM 5 combined elements of earlier options, introducing differentiated values pre- and post-trigger. This led to further discussion by Workgroup members about how such distinctions should operate for staged projects, where different phases may sit either side of the trigger date. The Workgroup members recognised that, to remain consistent with existing approaches, stages should be treated separately, implying that the drafting would need to apply values at a more granular level rather than at a single project level. This required further refinement of Part 6 to ensure the intended behaviour was accurately captured.

Across all WACMs, there was also discussion on how customer-facing statements should be presented. While legal advice suggested simplifying the statements by referencing overarching sections, some Workgroup members preferred retaining key values within the text to allow users to understand and validate calculations. The Workgroup broadly supported maintaining clarity and transparency for users while avoiding unnecessary complexity in the code.

Discussion of a possible ‘Nuclear Button’ Alternative Request

The Workgroup members discussion on Ofgem’s “nuclear button” centered on a proposal to introduce a provision allowing Ofgem to intervene to reduce or deactivate the OTCF, rather than only having a veto when it is activated or increased. This was raised as a potential alternative request, with the intention of providing greater flexibility to respond to uncertainty, future policy changes, or unintended consequences arising from CMP470.

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The Authority representative explained that the rationale for this alternative was rooted in the complexity of the reform and the risk of unintended outcomes, particularly given evolving policy developments and the limitations of available data at the point of decision making. They emphasised the benefit of having a mechanism to intervene quickly without needing a full code modification process, arguing that this could improve confidence in the proposal by ensuring that issues could be addressed in a timely and agile way if they emerged post-implementation.

However, significant concerns were raised by Workgroup members about both the principle and the process of introducing such a provision. A key theme was the potential precedent of allowing a broad, discretionary “override” within the CUSC framework.

Workgroup members questioned whether it was appropriate for Ofgem to have the ability to change or disable an approved mechanism without going through the established governance and modification process, noting that other parts of the code do not include equivalent powers. There were also concerns that such a provision could undermine certainty for market participants, particularly those relying on the OTCF signals for investment and decision making, as it could be removed or altered with limited notice.

From a process perspective, there was detailed discussion about how such an alternative would need to be progressed. It was clarified that introducing this provision would not be a minor amendment but would require multiple new WACMs, effectively duplicating the Original proposal and each existing WACM with the additional clause included. This raised practical concerns about timelines, complexity, and the proportionality of pursuing the change at this late stage. Alternative routes were also highlighted, including the possibility of Ofgem requesting a separate, standalone modification in the future if the need for such a power became clearer after implementation.

The Workgroup members also explored whether there were ways to narrow or condition the proposed power, for example by defining specific circumstances for its use. However, it was clarified that the intention was for a broad, “blanket” power rather than a targeted mechanism, which reinforced concerns about governance and proportionality. Some Workgroup members suggested that a more transparent or structured approach, such as a separate modification or an urgent code change process, would be preferable to embedding such discretion directly in the legal text.

An indicative vote was taken to gauge support within the Workgroup. While some members supported progressing the option to provide Ofgem with a range of choices, the majority of those present did not support taking the alternative request forward. As a result, no formal alternative request was raised during the meeting, although it remained open for a Workgroup member to do so outside the session. The Chair concluded that, based on the discussion and level of

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support, the Workgroup would proceed without incorporating the “nuclear button” option at this stage.

Action and Query Log Update

The Chair confirmed that many previous actions had now been completed and could be formally closed. This included the Phase 1 and Phase 2 dataset, which was acknowledged as delivered, although members noted they had not yet had sufficient time to fully review it. Workgroup members discussed as to how this information would be used. The data analysis would need to be completed offline when Workgroup members could take time to review the data in detail and draw out the conclusions in the Workgroup report.

Workgroup Vote

The discussion confirmed that the Workgroup Vote will take place at the final meeting. The Chair noted that the exact timing of the vote would depend on progress and committed to confirming this in advance once the final agenda is set.

Any Other Business and Next Steps

Updated drafting of the legal text is to be circulated for final review, and members were asked to continue providing comments in the Workgroup Report ahead of submission to the CUSC Panel.

Attendees

Name	Initial	Company	Role
Claire Goult	CG	NESO	Chair
Deborah Spencer	DSp	NESO	Technical Secretary
Andrew Enzor	AE	Field Energy	Proposer
Andrew Colley	AC	SSE Generation	Workgroup Alternate
Ash Adams	AAd	NESO	Workgroup Member
Alastair Southworth	AS	Harmony Energy Ltd	Workgroup Alternate
Bethany Garry	BG	DESNZ	Government Observer
Charlie von Schmieder	CvS	Gresham House	Workgroup Member
Chris Terry	CT	Fidra Energy	Workgroup Member

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Ciaran Fitzgerald	CF	ScottishPower Renewables	Workgroup Member
Claire Hynes	CH	RWE	Workgroup Member
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member
Gareth Williams	GW	Scottish Power Transmission	Workgroup Member
Garth Graham	GG	SSE Generation	Workgroup Member
Grahame Neale	GN	LightsourceBP	Workgroup Member
Grant Rogers	GR	Q Energy	Workgroup Member
Joe Colebrook	JC	Innova	Workgroup Member
Julia Magee	JM	Orsted	Workgroup Member
Khamun Ward	KWa	Voltwise Power Holdings Limited	Workgroup Alternate
Kim Dawson	KD	SPEN	Workgroup Observer
Kyran Hanks	KH	Water Wye	Workgroup Member
Matthew Paige-Stimson	MPS	NGET	Workgroup Member
Navdeep Singh Gora	NSG	Northern Powergrid	Workgroup Member
Ollie Easterbrook	OE	National Grid Electricity Distribution	Workgroup Member
Paul Youngman	PY	Drax	Workgroup Member
Ravinder Shan	RS	FRV Powertek Ltd	Workgroup Member
Rob Smith	RSm	ENSO Green Holdings Limited (EGHL)	Workgroup Member
Ros O Hare	ROH	SSEN	Workgroup Member
Shabana Akhtar	SA	Ofgem	Authority Representative
Simon Sheridan	SS	NESO SME	Workgroup Observer

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Simon Wragg	SW	Ethos Green Energy Solutions Ltd	Workgroup Member
William Primarolo	WP	Q Energy	Workgroup Alternate
