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## Code Administrator Meeting Summary

**Meeting name:** CMP444 Introducing a cap and floor to wider generation TNUoS charges – Workgroup meeting 7

**Date:** 04/02/2025

### Contact Details

**Chair:** Catia Gomes [catia.gomes@nationalenergyso.com](mailto:catia.gomes@nationalenergyso.com)

**Proposer :** Niall Coyle [niall.coyle@nationalenergyso.com](mailto:niall.coyle@nationalenergyso.com)

### Key areas of discussion

The Chair confirmed quoracy and introduced the objectives for the meeting, noting that the Workgroup would be reviewing the Workgroup Consultation Responses and covering Alternatives 8, 9, 10 and 11.

The Proposer noted that they would provide updates on their actions following the Alternative Vote.

#### Review of Workgroup Consultation Responses

The Chair noted that during the Workgroup Consultation, 5 confidential and 25 non-confidential responses were received, in addition to 2 Alternative Requests. The majority of responses were from Generators. The Chair provided an overview of the Workgroup Consultation responses. Details of this can be found in the [CMP444 Workgroup 7 Papers](#).

One Workgroup member queried the remaining Workgroup meeting time in light of the [Ofgem Open Letter](#). The Chair noted that the timeline of CMP444 must follow the approved urgency timeline and noted that CMP432 was also following an Authority approved urgency timeline. The Workgroup discussed interactions with CMP432 and the need to consider this when voting on Alternative Requests for CMP444. The Chair agreed to liaise with the Authority regarding their expectations for CMP444 and how this would work alongside CMP432.

Several Workgroup members noted the need for analysis to back up the setting of the Cap and Floor. One member noted that the outcome of CMP432 will inform the outcome of CMP444 and queried whether voting on CMP444 could go ahead without knowing about inputs of CMP432. The Chair clarified that voting will only be going ahead on Alternative Requests, not voting on the overall solution.

One Workgroup member queried analysis which was due to be undertaken by Ofgem and DESNZ. Workgroup members noted that they would like to see analysis prior to voting on Alternative Requests.

The Workgroup discussed a comment made during the consultation that there may be an EBR impact by hindering effective competition and resulting in a balancing service procurement that is unfair on participants. A Code Administrator representative noted that

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CUSC Exhibit Y showed the EBR mapping to the CUSC, and that Section 14 was not listed within this. One Workgroup member noted that network charging changes could have far reaching impacts and noted the complexity of providing analysis to cover this.

The Chair also covered the Alternative Voting process from CUSC Section 8, noting the Governance in 8.20.18.

One Workgroup member queried what analysis is required for CMP444. The Proposer noted that analysis would be discussed following the Alternative Vote, so that analysis for WACMs could also be taken into consideration. The Proposer agreed to share a graphical representation of cap and floors for each Alternative Request ahead of the Alternative Vote.

### Alternative Request 8

The Proposer of Alternative 8 noted that their Proposal was similar to the Original Proposal, but with a base data change, to take into account 2 historical and 3 forecast years rather than the 5 year forecast. They noted that this was due to fluctuations in forecast data.

### Alternative Request 9

The Proposer of Alternative 9 noted that their Proposal aims to address the Ofgem Open Letter by removing Accelerated Strategic Transmission Investment (ASTI) works from the tariff model by setting a link-specific expansion factor to zero for all ASTI works within the transport and tariff model, noting that ASTI is driving a lot of uncertainty. One Workgroup member noted that Alternative 9 would achieve a similar outcome to Alternative 6. The Proposer also noted that the cap and floor had not been considered within the Proposal however advised that the solution could be refined to add a cap and floor. One Workgroup member noted that removing ASTI works from the Transport and Tariff model could have an impact on Demand charging, however another Workgroup member advised that they thought the Proposal could maintain cost reflectivity. One Workgroup member queried whether Alternative Request 9 was in scope of the defect, however also noted that modelling at 400kV could be an option rather than setting the expansion factor to zero. A NESO representative noted that the Proposal could be part of an enduring solution raised under another modification, however advised that their initial thoughts were that the Alternative Request is out of scope. Several other Workgroup members noted scope creep, however advised of their support of the Proposal being incorporated into the charging model despite this.

### Alternative Request 10

The Proposer of Alternative 10 noted that their Proposal would take the NESO 5 year TNUoS forecast and set the cap and floor as the maximum/minimum values from the 2029/30 projections. One Workgroup member queried why the highest and lowest values had been selected, however the Proposer noted that they thought tariffs would increase or decrease far beyond 2029/30 rates, advising that their Proposal was to decrease market distortion and maintain the locational differential.

### Alternative Request 11

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The Proposer of Alternative 11 noted that their Proposal would take the NESO 5 year TNUoS forecast and set the cap and floor as the maximum/minimum values from the 2030/31 projections. They advised that additional backgrounds (CP30) could be considered to allow Workgroup members to better assess the overall impact of the solution. One Workgroup member queried whether the Proposal allowed flexibility, noting that the cap was set at the highest point and querying how this would protect Generators. The Proposer noted that a lack of forecast would lead Generators to make their own predictions but advised that the cap proposed as part of Alternative 11 may be exceeded, also noting the need for the Proposal to be cost reflective and non-distortive. Another Workgroup member advised that the Ofgem Open Letter highlighted the need for cost reflectivity.

### Ofgem Open Letter

One Workgroup member queried the scope of the modification in relation to the Ofgem Open Letter. The Proposer of CMP444 outlined the scope of the modification and noted that the Open Letter provided context in relation to the modification but advised that any solutions proposed as part of CMP444 must still be in scope. The Proposer agreed to advise further on the scope of the modification at the following meeting. One Workgroup member noted the need to consider the Ofgem Open Letter as part of the modification scope.

One Workgroup member highlighted that any modifications raised out of the TNUoS Taskforce had not been assessed against the Baseline CUSC.

### Alternative Request 12

The Proposer of Alternative 12 noted that their Proposal applies a cap for a combined Year Round tariff only, noting that a Peak tariff cap has not been considered due to the lack of variability of Peak tariffs. They noted that combining Year Round shared and Year Round not shared futureproofs the solution in their opinion, due to assumptions in the sharing mechanism which may not be consistent with reality. They also advised that a floor may be arbitrary and add unnecessary complexity, due to the lower limits of tariffs not changing much. A NESO representative queried the application of the caps, noting that the Year Round shared tariff is multiplied by the load factor. They questioned how this would be applied to individual components. The Proposer of Alternative 12 noted that the cap could be applied to the output of the transport model, and then this could be proportioned. One Workgroup member queried the reasons for only including a cap and not a floor. The Proposer advised that Figure 2 on their Alternative Proposal form provided justification.

### Next Steps

The Chair advised the next steps as follows:

- New Alternative Requests to be circulated to the Workgroup
- Any Workgroup members not eligible to vote in meeting on 06/02/25 to be contacted.

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### Actions

For the full action log, click [here](#).

Action Number	Workgroup Raised	Owner	Due by	Status
4	What major infrastructure assets are included in the 5-year forecast	Proposer	09/01/2025	Open
5	Explain the degree of alignment with CP30 that is included into the forecast	Proposer	09/01/2025	Open
6	Consider additional modelling	Proposer	09/01/2025	Open
9	Create a diagrammatic explanation of the methodology for the potential alternative solution.	Proposer	16/01/2025	Open
11	Liaise with Authority and Chair of CMP432 to clarify expectations and alignment with CMP444	Chair	06/02/2025	Open
12	Provide the initial CAP and floor values for each component to Niall for analysis.	Alternative Proposers	06/02/2025	Open
13	Provide clarity on defect and scope of CMP444	Proposer	06/02/2025	Open

### Attendees

Name	Initial	Company	Role
Catia Gomes	CG	NESO Code Governance	Chair
Lizzie Timmins	LT	NESO Code Governance	Technical Secretary
Niall Coyle	NC	NESO	Proposer
Aaron Priest	AP	Ocean Winds	Alternate
Alan Kelly	AK	Corio Generation	Workgroup member
Anthony Diccico	AD	ESB	Workgroup member
Barney Cowin	BC	Bluefloat Energy	Workgroup member
Ben Adamson	BA	Low Carbon	Workgroup member
Binoy Dharsi	BD	EDF	Workgroup member
Caitlin Butchart	CB	InterGen	Workgroup member
Chiamaka Nwajagu	CN	Orsted	Workgroup member

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Damian Clough	DC	SSE	Workgroup member
Daniel Hickman	DH	NESO	Observer
Darshak Shah	DS	BP	Workgroup member
David Jones	DJ	Ofgem	Authority Representative
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member
Emanuele Dentis	ED	Northland Power	Workgroup member
Ghulam Haider	GH	Ofgem	Authority Representative
Graham Pannell	GP	BayWa r.e.	Workgroup member
Jad Nasser	JN	WindWard	Observer
James Knight	JK	Centrica	Workgroup member
Kyran Hanks	KH	Water Wye Associates	Workgroup member
Lambert Kleinjans	LK	Energiekontor UK Ltd	Workgroup member
Lauren Jauss	LJ	RWE Supply & Trading GmbH	Workgroup member
Marc Smeed	MS	Corio Generation	Alternate
Martina Tully	MT	ERG UK Holding	Observer
Nina Brundage	NB	Ocean Winds	Workgroup member
Nina Sharma	NS	Drax	Alternate
Paul Jones	PJ	Uniper	Workgroup member
Paul Mott	PM	NESO	Alternate
Ryan Ward	RW	Scottish Power Renewables	Workgroup member
Simon Lord	SL	First Hydro Company	Workgroup member
Varun Mittal	VM	TotalEnergies	Observer