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Nadir Hafeez

Ofgem

By email

Trisha McAuley OBE

Independent Chair CUSC & Grid Code Panel

Ren Walker

CUSC Panel Technical Secretary

14 February 2025

CMP448 Request for Urgency letter

Dear Nadir,

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP448: Introducing a Progression Commitment Fee (PCF) to the Gate 2 Connections Queue.**

On 06 February 2025, NESO raised **CMP448**. The Proposer sent a request to the CUSC Panel Secretary for this modification to be treated as urgent.

CMP448 seeks to establish a framework to introduce an additional financial requirement on developers, that can be activated if required. It aims to incentivise the timely removal of any projects that have become unviable from the connections queue, facilitating more timely and efficient connection of viable projects. In doing so, it will support progress towards clean power by 2030 ("CP30") and net zero targets.

All documentation for this modification can be located via the following link:

<https://www.neso.energy/industry-information/codes/cusc/modifications/cmp448-introducing-progression-commitment-fee-gate-2-connections-queue>

The CUSC Modifications Panel ("the Panel"), on 14 February 2025, considered **CMP448** and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

The Proposer set out their rationale for Urgency against Ofgem's Urgency criteria **(a)** which is as follows:

a) A significant commercial impact on parties, consumers or other stakeholder(s).

- This proposal is being raised as part of a suite of Connections Reform modifications to further the Connections Action Plan ("CAP") initiatives that Ofgem and DESNZ are proposing to speed up connection queue timescales.

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- The “Raise entry requirements” section of the CAP specifically considers the need for increased financial requirements for attaining a connection or holding connection capacity. Further noting that their “[...] initial view is that increasing financial requirements, particularly, merits strong and rapid consideration to ensure financial incentives to secure and hold capacity are appropriately set.
- In addition, one of the desired outcomes of the CAP is “Connections reforms delivered with a high degree of confidence in quality, pace, ambition and coordination of reform delivery, ensuring greater and faster impact of connection reform in reducing connection times as well as lower system and/or connection costs.
- This proposal will introduce a mechanism that could introduce an additional fee for projects that terminate prior to User Progression Milestone 1. The mechanism will only be triggered if there could be an unacceptable number of unviable projects in the Gate 2 queue. At that point, it will be crucial that the PCF can be activated quickly, exposing the pre-Milestone 1 projects to a material financial commitment. If it is not activated at pace, unviable projects could further prevent viable projects from connecting sooner, therefore, we believe that the proposal, if implemented, will support Ofgem’s ambition to raise the entry requirements to deter speculative connection applications and will have a beneficial effect on connection times and connection costs for committed connection applications.
- Our aim is to provide developers full visibility of their financial obligations at the time they sign Gate 2 offers. We are therefore requesting urgency for this proposal on the basis that this imminent issue should be addressed prior to the proposed Gate 2 offers being issued.
- Without an urgent timeline for this modification, a significant element of uncertainty is introduced for developers at the time Gate 2 offers are signed. Additionally, a significant portion of projects in the Gate 2 queue that could have contributed towards or benefitted from the activation of the PCF may be missed and a significant proportion of the intended benefit may not be achieved.
- This could lead to delays in connection dates for viable projects which in turn could significantly impede progress towards CP30 targets. Therefore, an urgent timeline could mitigate significant negative commercial impacts on parties, consumers or other stakeholders with interests associated with Transmission generation connections queue. Additionally, greater efficiencies will be able to be realised by NESO in its connections and planning processes if time and effort can be focused only on projects that are committed to progressing.
- The modification clearly could have a significant impact on developers and the connections queue. On balance it should be progressed urgently so that developers have the best chance of understanding what signing a Gate 2 connection offer might mean in terms of potential financial exposure.

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Panel Consideration of the Request for Urgency

The Panel considered the request for urgency with reference to [Ofgem Guidance on Code Modification Urgency Criteria](#). The majority view of the Panel is that **CMP448 does meet** Ofgem's Urgency criteria¹. Therefore, the recommendation of the Panel is that **CMP448 should be** treated as an Urgent CUSC Modification Proposal.

Panel members set out their rationale behind this decision:

- A Panel member referred to the recent [CMP423 Ofgem Urgency Decision letter](#), where it states that granting urgency would not change the commercial impact of the modification and that they did not believe granting urgency to CMP448 would change the commercial impact on Users.
 - As whenever CMP448 is implemented, the PCF would be applied and create the same commercial impact on Users. They stated that the lack of evidence provided makes it unclear when or even if the PCF would be triggered and therefore when Users would be required to secure the PCF.
 - They noted that the Proposer stated that if the TMO4+ package of Grid Connections Reforms is approved and manages to create a queue of projects in readiness order, as intended, then the PCF may never be triggered.
 - They felt that no evidence had been provided by NESO with this modification, which quantifies the number of connections that will be given gate 2 offers but will not be able to progress and submit planning in a timely manner (M1). They suggested that it could be argued that there will be zero, if TMO4+ is successful, noting that the Proposer has stated that if TMO4+ is not approved then CMP448 would be withdrawn.
- The same Panel member noted concerns that NESO had proposed an urgent modification with an undefined trigger date and proposed a solution to solve a defect which may not exist once the TMO4+ package of reforms has been implemented.
 - The timeline of other non-urgent CUSC modifications will be affected if this modification is granted urgency. The Panel member believes it would be a better use of the industry's constrained resources to raise this modification once the impact of TMO4+ has been understood, and that it is disappointing NESO does not agree with this.

¹ Ofgem's current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

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- A Panel member stated that this modification, if approved, would need to be in place when Gate 2 offers are made. This is expected to be the end of 2025, and therefore leaves 10 and a half months to have 13 Workgroup meetings. So, while the modification will have significant commercial impact, it is not related to an “imminent or current issue” and urgency is not required to deliver this modification proposal.
- Whilst supportive of the modification another Panel member stated that they did not believe that it should be progressed on an urgent basis. As the implementation timeframes for the PCF are uncertain and based on its activation via a trigger mechanism, which may not occur for a long period of time. Furthermore, it is not known whether the current Grid Connection Reforms would remove the need for the PCF to be implemented urgently.
- A Panel member stated that In light of the Authority’s statements from a number of previous urgency decisions (such as with [CMP268](#)); in terms of the need for parties to raise any modification (that seeks urgency) in a timely manner; it is not clear how a proposal that was brought to the [October 2024 TCMF](#) and then subsequently raised four months later (in February 2025) meets the standard that the Authority expects (in terms of ‘good industry practice’ that is applicable to all parties that seek urgency).
- A Panel member stated that ideally a decision on this modification should occur before connection offers are issued.
- A Panel member stated that there is a need for certainty and related timeframes for receiving Gate 2 offers alongside the associated commercial impact to Developers if a liability were to be added after their offers had already been signed.
- A Panel member believed it is important for this modification to be raised now, so that the financial mechanism exists in the eventuality that the connections queue health remains poor. They also believed it is important for [CMP448](#) to be approved before Gate 2 connection offers are sent, so that Developers can have certainty on the financial arrangements they will fall under. Stating that given the modification has been raised, the only way for Developers to have this certainty is for this modification to proceed under an urgent timeline.
- A Panel member stated that the Proposal meets the urgency criteria due to its potentially significant impact on parties considering updated connection offers later in 2025, subject to approval of [CMP434](#) and [CMP435](#).
 - They stated that it is unfortunate that this modification was not progressed as part of the broader package with [CMP434](#) and [CMP435](#). Consideration of financial securities in the round with other changes would likely have led to a better outcome than piecemeal consideration. Notwithstanding that this could have been done sooner, it still met the criteria for urgency.
 - They noted that while the solution as defined would not come into effect for a long period after implementation, Workgroup alternatives could bring that forward, potentially leading to faster removal of so-called “zombie projects” from the

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queue, should any such projects be awarded Gate 2 criteria. They suggested that it may be preferable for the introduction of stronger financial securities to be aligned with acceptance of Gate 2 offers following the Gate 2 to Whole Queue process, in order to disincentivise zombie projects from accepting a Gate 2 offer.

Procedure and Timetable

The Panel discussed an appropriate timetable for **CMP448** in the instance that urgency is granted.

The Panel agreed that **CMP448** subject to Ofgem's decision on Urgency should follow the attached Code Administrator's proposed timetable (Appendix 1 **Urgent recommendation**). In Appendix 2 of this letter, the Code Administrator has also provided the timeline if this follows standard timescales with the assumption that Panel prioritise this high in the prioritisation stack.

Panel noted that if urgency is required, there would be;

- A Workgroup Consultation period of less than 15 Business Days
- Code Administrator Consultation period of less than 15 Business Days
- There would be less than 5 clear Business Days between publication of the Draft Final Modification Report and Panel's recommendation; and
- There would be less than 5 clear Business Days for Panel to check that their Recommendation Vote had been recorded correctly

Under CUSC Section 8.24.4, we are now consulting the Authority as to whether this Modification is an Urgent CUSC Modification Proposal.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely



Trisha McAuley OBE
Independent Chair of the CUSC and Grid Code Panel

Ren Walker
CUSC Panel Technical Secretary

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Appendix 1– Urgent Timeline

Modification Stage	Date
Modification presented to Panel	14 February 2025
Ofgem grant Urgency	18 February 2025 (5pm)
Workgroup 1 – Workgroup 6 (assuming Ofgem have granted Urgency)	24 February 2025 26 February 2025 05 March 2025 12 March 2025 17 March 2025 20 March 2025
Workgroup Consultation (10 business days)	24 March –07 April 2025
Workgroup 7 – Workgroup 13 (Assess Workgroup Consultation Responses and Workgroup Vote)	16 April 2025 23 April 2025 30 April 2025 07 May 2025 14 May 2025 19 May 2025 27 May 2025
Workgroup Report issued to Panel (3 business days)	03 June 2025
Panel sign off that Workgroup Report has met its Terms of Reference	09 June 2025
Code Administrator Consultation (10 business days)	10 June – 24 June 2025
Draft Final Modification Report (DFMR) issued to Panel (3 business days)	30 June 2025
Panel undertake DFMR recommendation vote	04 July 2025
Final Modification Report issued to Panel to check votes recorded correctly	04 July 2025
Final Modification Report issued to Ofgem	04 July 2025
Ofgem Decision	Q3 2025
Implementation Date	Q1 2026

Appendix 2 – Standard Timeline

Modification Stage	Date
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Modification presented to Panel	14 February 2025
Workgroup nominations (15 business days)	14 February – 07 March 2025
Workgroup 1 – Workgroup 6	17 March 2025 31 March 2025 16 April 2025 30 April 2025 14 May 2025 29 May 2025
Workgroup Consultation (15 business days)	03 June – 24 June 2025
Workgroup 7 – Workgroup 13 (Assess Workgroup Consultation Responses and Workgroup Vote)	07 July 2025 22 July 2025 05 August 2025 19 August 2025 02 September 2025 16 September 2025 30 September 2025
Workgroup Report issued to Panel (5 business days)	23 October 2025
Panel sign off that Workgroup Report has met its Terms of Reference	31 October 2025
Code Administrator Consultation (15 business days)	03 November – 24 November 2025
Draft Final Modification Report (DFMR) issued to Panel (5 business days)	04 December 2025
Panel undertake DFMR recommendation vote	12 December 2025
Final Modification Report issued to Panel to check votes recorded correctly	15 December 2025
Final Modification Report issued to Ofgem	23 December 2025
Ofgem Decision	TBC
Implementation Date	TBC

Appendix 3 – Panel Urgency Vote

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See separate attachment