

Public

Code Administrator Meeting

Summary

Workgroup Meeting 1: CMP448 Introducing a Progression Commitment Fee to the Gate 2 Connections Queue

Date: 26/02/2025

Contact Details

Chair: Joe Henry, Joseph.henry2@nationalenergyso.com

Proposer: Ash Adams, ashley.adams2@nationalenergyso.com

Key areas of discussion

The Chair confirmed the aim of Workgroup meeting 1 was to discuss the modification process, Workgroup responsibilities, agree timeline, agree Terms of Reference, and review the proposed solution.

Code Modification Process Overview

The Chair outlined the Code Modification Process, including the modification process overview, Workgroup development stage, consultations (both Workgroup and Code Administrator) and the final decision stage, noting that this modification would operate on urgent timelines as agreed by The Authority. The Chair also provided the Workgroup with the roles, responsibilities and expectations required of Workgroup members.

Overview of Proposer’s Solution:

Proposed Solution:

The Proposer of CMP448 (NESO) explained that this proposal establishes a framework to introduce an additional financial requirement on developers, which can be activated if required, to incentivise the timely removal of unviable projects from the connections queue and facilitate the 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.

Trigger Metric and Threshold: The Proposer explained the trigger metric and threshold for activating the progression commitment fee. They explained that the trigger metric is the total megawatts of a project’s termination from the Gate 2 queue for failing to meet milestone 1 which would be measured every six months. The threshold for this trigger threshold would be set at 6 gigawatts over a five-year period, approximately equal to 5% of the additional capacity needed to meet CP30 targets.

Public

If the threshold is met, NESO would have the option to activate the fee, which would allow Ofgem two months to override this decision. The Proposer further explained that the trigger mechanism ensures the fee is only activated if there is a significant issue with queue health which would avoid unnecessary costs for developers.

Scenarios for PCF Application

The Proposer provided the Workgroup with five scenario examples to illustrate how the progression commitment fee might apply in different circumstances, including projects that pass milestone one, terminate before milestone one, or exit during the notice period. Some Workgroup Members stated that it would also be useful to have further scenario examples on where Gate 2 to M1 is greater than 24 months, is possible for DCO offshore nuclear and novel with connections greater than five years between Great Gate 2 and completion.

The full slide pack can be found using the following [link](#).

Terms of Reference (ToR)

The Workgroup discussed potential amendments to the Terms of Reference, these amendments included:

- Consider updating the terms of reference to include a definition of queue health.
- Include an additional term of reference to incentivize efficient behaviours in the process.
- Consider any process that might result in the PCF coming into force.
- Clarify the scope of the queue being referred to and ensure it is not restrictive to only Gate 2 to M1
- To consider the broader market impacts and effects on end consumers
- Clarify the proposed mechanism for DNO's passing PCF charges to embedded customers and ensure they fully understand the process.

Cross Code Impacts

The Workgroup discussed any potential cross code impacts this modification has. The Workgroup discussed that there could be further impacts, particularly on distribution and embedded generation. The Workgroup agreed that further discussions with DNOs need to be held to ensure the impacts of this proposal are understood.

Next Steps

The Chair talked through the next steps which include:

- Produce and circulate the action log and meeting summary.

Actions

Public

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

Action Number Raised	Workgroup	Owner	Action	Due by	Status
1	WG1	AA	NESO to confirm how 'offer date' will be defined when calculating MI milestones for specific User Agreements. Will the 'offer date', be the original ATV offer date when the Appendix Q was first introduced into a construction agreement or will it be the Gate 2 offer date.	WG3	Open
2	WG1	AA	Discuss with DNOS the proposed mechanism for passing PCF charges to embedded customers and ensure they fully understand the process	WG2/WG3	Open
3	WG1	AA	NESO to include an additional scenario on were Gate 2 to MI is greater than 24 months, is possible for DCO offshore nuclear and novel with connections greater than five years between Great Gate 2 and completion.	WG2	Open
4	WG1	AA	NESO to clarify if the new regime will be reflected and operated through the connection portal.	WG3	Open
5	WG1	JH	Amend the Terms of Reference and circulate to the Workgroup ahead of submitting to the CUSC Panel for approval.	WG3	Open

Attendees

Name	Initial	Company	Role
Joe Henry	JH	NESO	Chair
Ren Walker	RW	NESO	Tech Sec
Ash Adams	AA	NESO	Proposer

Public

Alex Ikonic	AI	Orsted	Workgroup Member
Amy - Isabella Wells	AIW	NGET	Workgroup Member
Andrew Allan	AAL	RWE Supply and Trading GmbH	Workgroup Member
Andrew Enzor	AE	Field Devco Ltd	Workgroup Member
Kirsty Dawson	KS	Statkraft	Workgroup Member
Hannah Sharratt	HS	Electricity North West	Workgroup Member
Catherine Cleary	CC	Roadnight Taylor	Workgroup Member
Rosemary McInness	RMI	ScottishPower Renewables	Workgroup Member
Umer Ameen	UA	BP	Workgroup Member
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member
Donald Fu	DF	Nat Power	Workgroup Member
Andy Colley	AC	SSE Generation	Workgroup Member
Grahame Neale	GN	Lightsource bp	Workgroup Member
Grant Rogers	GR	Qualitas Energy	Workgroup Member
Helen Stack	HS	Centrica	Workgroup Member
Jack Purchase	JP	NGED	Workgroup Member
James Stoney	JS	One Planet Developments Ltd	Workgroup Member
James Wylie	JW	EDF Renewables	Workgroup Member
Jamie McDougall	JMD	SP Energy Networks	Workgroup Member
George Saliagopoulos	GS	EDP Renewables	Workgroup Member

Public

Joe Colebrook	JC	Innova	Workgroup Member
Jonathan Boateng	JB	Greenfield Energy Developments Ltd	Workgroup Member
Jonathan Whitaker	JW	SSEN Transmission	Workgroup Member
Khush Patel	KP	National Grid Ventures	Workgroup Member
Mpumelelo Hlophe	MH	Fred Olsen Renewables	Workgroup Member
Paul Smillie	PS	SP Energy Networks	Workgroup Member
Rob Smith	RS	ENSO Energy	Workgroup Member
Robin Prince	RP	Island Green Power	Workgroup Member
Alix Weir	AW	Blake Clough Consulting	Workgroup Observer
Barney Cowin	BC	BlueFloat Nadara Partnership	Workgroup Observer
Ben Clarke	BCL	Bute Energy Ltd	Workgroup Observer
Charles Williams	CW	Wind2	Workgroup Observer
Euan Norrington	EN	SSE Renewables	Workgroup Observer
Gethyn Howard	GH	Aggreko Energy Solutions Europe	Workgroup Observer
Muhammad Madni	MM	NGV	Workgroup Observer
Robert Longden	RL	Cornwall Insight	Workgroup Observer
Alasdair MacMillan	AMM	Ofgem	Authority Representative
Kyle Smith	KS	Energy Networks	Workgroup Observer