

Public

# Meeting Summary – Workgroup 10

**Meeting name:** CMP444 Introducing a cap and floor to wider generation TNUoS charges

**Date:** 12/02/2025

## 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

### Agenda and Timeline

The Chair outlined the agenda, which included reviewing the legal text, discussing analysis adjustments made by the Proposer, and focusing on the Workgroup report. The Chair also mentioned the timeline, noting that Workgroup 10 is currently in progress, with two more meetings remaining.

### Actions

The Proposer provided an update on actions 4, 5 and 9, stating he is waiting for a reply from the CP30 team and plans to move the discussion to Workgroup 11. There was a discussion about the alignment and interpretation of actions 4 and 5. Action 14 was closed during the meeting in which the Alternate Proposer presented the updates to WACM 3.

### WACM 3 changes

A Workgroup member presented changes to WACM 3 proposing using updated tariff values to calculate the cap and floor. The Workgroup discussed the impact of these changes, with the Proposer and some Workgroup members expressing support for using the latest data. The Workgroup agreed that the changes did not impact the Workgroup members' vote.

### Legal Text and Workgroup discussions

The Workgroup reviewed the legal text for the WACMs. The Workgroup discussed various aspects, such as the need for consistency in terminology and the possibility of including an eligibility criterion.

Regarding WACM 5, a Workgroup member raised the potential impact of implementing a cap on tariffs. It was highlighted that while a cap could provide short-term relief and stability, it could encourage more connections in areas where it is applied, potentially leading to higher tariffs once the cap is removed. It was mentioned that Connection Reform and the CP30 might change the generation background, and the assumptions used in the current tariff projections. Another Workgroup member expressed concerns regarding the cap and floor mechanism. They questioned the need for specific eligibility criteria to prevent new projects from misusing the cap. A clear

## Public

mechanism in the legal text was called for to address tariff breaches, ensuring transparency in tariff adjustments and cost recovery, particularly at the end of a tariff year.

For WACM 7, A Workgroup member raised concerns about the need for clear eligibility criteria. They wanted to ensure that the cap and floor mechanism is applied fairly. There was a discussion around the importance of defining what is meant by "temporary" in the context of the cap and floor mechanism. This is to provide clarity to investors about how long the cap and floor will be in place.

It was discussed that a clear definition was needed to differentiate between adjustment factor and generation adjustment tariff.

It was noted that grandfathering rights are not straightforward to allocate and require careful consideration. There was a consensus that none of the WACMs or the Original proposal would include grandfathering rights or end dates, and the legal text would be updated accordingly.

## Analysis

The Proposer shared charts that compare the impact of these tariffs for the WACMs against a baseline on an annual basis. The charts are intended to provide clarity and help in decision making, by comparing each scenario against the baseline. These charts will be added to the Workgroup Report as well as in an Annex.

The discussion also covered the inclusion of various technologies in the analysis, such as conventional low carbon and conventional carbon, and the ability to adjust the charts to reflect these different scenarios. The Workgroup members agreed on the importance of having a clear and comprehensive view of all the data, which will be included in the report for transparency.

There was a conversation around a specific chart that shows the range between the maximum and minimum tariff values over time. This chart is intended to reflect the strength of locational signals and how they change. There was a debate on whether the range should increase, decrease, or remain the same over time, with some members expressing the need for the chart to be clearer and more informative.

The Workgroup also discussed the current system's cost reflectivity, noting that it is not entirely cost-reflective due to various factors, including the scale of investment needed and regulatory caps. A suggestion was made to present the data in different formats.

## Workgroup Report

The Workgroup went through the feedback and comments from various members.

There was a detailed discussion about the clarity and consistency of terms, as well as the importance of maintaining internal consistency and ensuring that the document accurately reflects the intended meaning.

The conversation also touched on the text of the WACMs and the need to clearly define terms and expectations, especially in relation to implementation dates. The team acknowledged the complexity of defining implementation timelines and agreed to keep the language clear and consistent. The Workgroup discussed the importance of accurately representing the potential benefits and drawbacks of each proposal.

## Public

The meeting also addressed the need for clarity in the Workgroup Report regarding the impacts of proposed changes on Generators, storage operators, and Consumers, with a Workgroup member taking an action to review the wording.

## Next Step

Chair to circulate all legal text and Workgroup Report in hard copy and in the collaboration area.

The Proposer will liaise with NESO Legal regarding updates to the legal text.

All Workgroup members to review the legal text and Workgroup report by 13:00 on Wednesday 19 February, with a final review scheduled for Thursday 20 February. The aim is to finalise the report by Tuesday 25 February, ensuring all feedback is addressed and that the document is ready for voting to take place.

Alternate Proposers to review the WACM wording in the Workgroup Report.

## Actions

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

Action Number	Workgroup Raised	Owner	Action	Due by	Status
4	What major infrastructure assets are included in the 5-year forecast	Proposer	04/12/2024	12/02/2025	Open
5	Explain the degree of alignment with CP30 that is included into the forecast	Proposer	04/12/2024	12/02/2025	Open
6	Consider additional modelling	Proposer	11/12/2024	12/02/2025	Open
9	Create a diagrammatic explanation of the methodology for the potential alternative solution.	Proposer	16/01/2025	12/02/2025	Open
14	Clarify the impacts of the data set change in WACM 3	MS	12/02/2025	17/02/2025	Closed
15	Adjust the graph to show the data in absolute values instead of percentages, and in pounds per kilowatt.	CW	17/02/2025	19/02/2025	Open

## Attendees

Name	Initial	Company	Role
------	---------	---------	------

## Public

Catia Gomes	CG	NESO Code Governance	Chair
Jess Rivalland	JR	NESO Code Governance	Tech Sec
Niall Coyle	NC	NESO	Proposer
Barney Cowin	BC	Bluefloat Energy	Workgroup Member
Ryan Ward	RW	Scottish Power Renewables	Workgroup Member
Hector Perez	HP	Scottish Power Renewables	Workgroup Alternate
Graham Pannell	GP	BayWa r.e.	Workgroup Member
Caitlin Butchart	CB	InterGen	Workgroup Member
Alan Kelly	AK	Corio Generation	Workgroup Member
Marc Smeed	MS	Corio Generation	Workgroup Alternate
Anthony Diccico	AD	ESB	Workgroup Member
Tom Steward	TS	RWE Supply & Trading GmbH	Workgroup Alternate
Kyran Hanks	KH	Water Wye Associates	Workgroup Member
Damien Clough	DC	SSE	Workgroup Member
Paul Youngman	PY	Drax	Workgroup Member
Cameron Gall	CG	Energiekontor UK Ltd	Workgroup Alternate
Binoy Dhari	BD	EDF	Workgroup Member
Paul Jones	PJ	Uniper	Workgroup Member
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member
Chris White	CW	Research Relay Ltd	Workgroup Alternate
Emanuele Dentis	ED	Northland Power	Workgroup Member
Als Scrope	AS	Northland Power	Workgroup Alternate
Nina Brundage	NB	Ocean Winds	Workgroup Member
Darshak Shah	DS	BP	Workgroup Member
Sven Kunze	SK	BP	Workgroup Alternate
Chiamaka Nwajagu	CN	Orsted	Workgroup Member
Simon Lord	SL	First Hydro Company	Workgroup Members
Pedro Acain	PA	Ofgem	Authority Representative
David Jones	DJ	Ofgem	Authority Representative
Varun Mittal	VM	TotalEnergies	Observer
Dan Hickman	DH	NESO	Observer

## Public

Paul Mott	PM	NESO	Observer
Jingchao Deng	JD	NESO	Observer
Jad Nasser	JN	ERG UK Holding	Observer