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# Code Administrator Meeting

## Summary

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

**Date:** 05/03/2025

#### Contact Details

Chair: Joe Henry, [Joseph.henry2@nationalenergyso.com](mailto:Joseph.henry2@nationalenergyso.com)

Proposer: Ash Adams, [ashley.adams2@nationalenergyso.com](mailto:ashley.adams2@nationalenergyso.com)

#### Key areas of discussion

The aim of Workgroup meeting 2 was to review the query and action log from Workgroup meeting 1 and the to discuss the following: PCF design, Scope of the PCF, Additional Scenarios, Terms of Reference and the DNO Interface.

#### Query and Action Log Review

The Chair talked through the query and action log from the previous Workgroup meeting.

#### PCF Design

The Proposer talked through the PCF design including the duration, profile, timing, value, and activation of the fee. The also provided the rationale behind the design choices and addressed concerns raised in the CFI feedback.

- **Duration of PCF:** The Proposer explained that the PCF would apply between gate 2 entry and milestone 1, as this is the period with the highest risk of projects not progressing appropriately.
- **Profile and Timing:** A ramping fee was chosen over a flat fee to better incentivize projects to leave the queue if they are not viable. The fee will increase every six months to align with existing security arrangements and application windows.
- **Value of PCF:** The PCF value was set at £2000 per MW every six months, with a maximum cap of £10,000 per MW. This was chosen to balance incentivizing project viability without unduly impacting viable projects.
- **Activation of PCF:** The PCF would be activated based on a trigger metric and threshold, with discretion given to NESO and Ofgem to decide on activation. This approach was chosen to address stakeholder concerns and provide clarity on when the PCF would be activated.

#### Scope of PCF

The Proposer provided the Workgroup with an overview of projects in scope of the PCF. They advised that projects which are contracted to connect by the end of 2026 must have met

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milestone 2 to be classified as a protected project and that projects must have submitted planning consent to be classified as a protected project.

### **Additional Scenarios**

The Proposer presented additional scenarios to the Workgroup to illustrate the PCF over time for projects with more than two years to reach milestone 1. The Proposer explained how the PCF would apply in different situations, including projects terminated for not completing milestone 1.

- **36-Month Scenario:** Where a project has 36 months from gate to entry to milestone one. The Proposer explained that the PCF would increase every six months, reaching a maximum of £10,000 per MW if the project does not pass milestone one within that period.
- **Termination Scenario:** Where a project is terminated for not completing milestone one. The Proposer noted that if the PCF is activated before termination, the project would be liable to pay the applicable PCF amount at the time of termination.
- **PCF Activation Timing:** The Proposer explained that if the PCF is activated after a project enters the gate 2 queue, the project would be liable for the PCF from the date of entry, with the fee increasing every six months.

The Workgroup also discussed a further scenario for consideration, this scenario would factor in the timeframe around when the offer is counter – signed by NESO and when it has been accepted by the customer. The Proposer agreed to take this away and present this scenario at the next Workgroup meeting.

### **Terms of Reference**

The Workgroup reviewed the amended Terms of Reference following discussions and feedback at Workgroup meeting 1. The Workgroup agreed amendments to clarify the definition of Queue health and the duration of the PCF application and some additional Terms of Reference for consideration. The Chair advised the amended Terms of Reference would be presented to the CUSC Panel on 07 March for approval.

### **DNO Interface**

The Proposer advised that taking on feedback from Workgroup Members, there needs to be more engagement with the DNO's and Embedded Generation going forward. The Proposed confirmed that they will be doing this by attending weekly meetings with the ENA Strategic Connections Group and also the Connections Reform Implementation hub. The Proposer confirmed they will report back to the Workgroup on any developments through these sessions. A Workgroup member also noted that in addition to this, it would be useful to understand how the CMP448 Workgroup can best engage with the affected Embedded Generators ahead of the Workgroup Consultation being published.

## Next Steps

The Chair talked through the next steps which include:

- CMP448 Terms of Reference presented to the CUSC Panel for approval

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- Query and Action log updates
- Produce the Workgroup 2 meeting summary

## Actions

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	Closed
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	Closed

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6	WG2	AA	NESO to include a slide/discussion point for WG3 on the PCF duration (in relation to Query number 2)	WG3	Open
7	WG2	AA	NESO to confirm if there would be an additional period for industry consultation post the trigger threshold being met.	WG3	Open
8	WG2	AA	Produce further scenarios on when the PCF is triggered and the timeframe between the acceptance signature and the counter signature	WG3	Open
9	WG2	AA	NESO to provide comprehensive details of historical project attrition rates and the full details and respective calculations made and assumptions made regarding future attrition	WG3	Open
10	WG2	AA	Reword the definition of Queue Health to reflect the calculation of the metric and trigger	WG3	Open

## Attendees

Name	Initial	Company	Role
Joe Henry	JH	NESO	Chair
Ren Walker	RW	NESO	Tech Sec
Claire Goult	CG	NESO	Tech Sec
Ash Adams	AA	NESO	Proposer
James Jackson	JJ	Orsted	Workgroup Member
Amy - Isabella Wells	AIW	NGET	Workgroup Member
Andrew Allan	AAL	RWE Supply and Trading GmbH	Workgroup Member

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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
Ciaran Fitzgerald	CF	ScottishPower Renewables	Workgroup Member
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member
Chris White	CW	Research Relay Ltd	Workgroup Member
Donald Fu	DF	Nat Power	Workgroup Member
Daniel Sanderson	DS	Nat Power	Workgroup Member
Garth Graham	GG	SSE Generation	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
Jingchao Deng	JD	EDP Renewables	Workgroup Member
Jonathan Whitaker	JW	SSEN Transmission	Workgroup Member

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Khush Patel	KP	National Grid Ventures	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
Sam Aitchison	SA	Island Green Power	Workgroup Member
Alix Weir	AW	Blake Clough Consulting	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
Sisi Spasova	SS	Elawan Energy	Workgroup Observer
Kyle Smith	KS	Energy Networks	Workgroup Observer
Johnathan Lister	JL	Accenture	SME
Maura Farrell	MF	Accenture	SME
Paul Mott	PM	NESO	SME
Paul Stefiszyn	PST	NESO	SME
Jo Greenan	JG	NESO	SME