

DCP 461 Working Group - Meeting 16

01 July 2026 at 13:30 - Web-Conference

Attendee	Company
Working Group Members	
Alex Iknoic [AI]	Roadnight Taylor
Amanda McFarlane [AMF]	Aurora
Ben Godfrey [BG]	NGED
Brian Hoy [BH]	SP ENW
Claire Witty [CW]	SPEN
Drew Johnstone [DJ]	NPg
Ed Grimsey [EG]	BU-UK
Edda Dirks [ED]	SSE Generation
Helen Slack [HS]	Centrica
Jack Purchase [JP]	NGED
John Harmer [JH]	WatersWye
Joseph Higginbottom [JH]	NPg
Laura Henry [LH]	Eclipse
Lee Wells [LW]	NPg
Liam Sweeney [LS]	Ofgem
Matthew Paige-Stimson [MPS]	National Grid
Rohan Sachdev [RS]	SSEN
Will Bowen [WB]	UKPN
Code Administrator	
Mel Kendal [MK] (Secretariat)	ElectraLink
Richard Colwill [RC] (Chair)	ElectraLink

Apologies	
Aishwarya Harsure [AH]	NESO

1. Administration

Recording

- 1.1 The Chair noted that the meeting is being recorded. The purpose of this recording is purely to aid the Technical Secretariat in producing an accurate report of the meeting.

Apologies

- 1.2 The Chair noted received apologies. These can be found in the attendees list above.

Competition Law Guidance and Terms of Reference

- 1.3 The Working Group agreed to be bound by the Competition Law Guidance for the duration of the meeting.

Previous Minutes

- 1.4 The Chair invited the Working Group to review the previous meeting minutes – no further feedback was received, and the minutes were approved.

Open Actions

- 1.5 The Chair confirmed that all actions captured within this meeting will be recorded within the action log; this can be found in the Appendix.

2. Purpose of the Meeting

- 2.1 The Chair explained that the purpose of this meeting is to review the collated Consultation 2 responses within the Working Group and agree next steps.

3. Working Group discussions around Potential Options to Progress

- 3.1 The Chair informed the group that a new approach to reviewing large Consultation responses has been used to present the feedback of respondents for the Working Group to work through. The Chair noted that papers have been produced where key themes have been gathered for questions 1-4, along with a summary of feedback and what the Secretariat believes the Working Group should consider. For the remainder of the questions, the review will be more focused and reviewed in the usual manner. The Working Group were happy to trial this new approach.
- 3.2 BH suggested it might be beneficial to review the outcome of respondents preferred options (out of 9 proposed options) to progress with, prior to reviewing the responses to each question. The Working Group agreed with this, and the Chair presented the visual of preferred options live on screen.

Proposed Solution	Take Forward	Preferred Solution	Do Not Take Forward
1.1	3	0	11
1.2	7	1	7
1.1 + 1.4	4	0	10
1.2 + 1.4	9	2	5
2.1	7	0	7
2.2	10	3	4
2.1 + 2.4	7	0	7
2.2 + 2.4	12	5	2
3.1	5	2	9

3.3 BG stated that from the above visual, there is a fair amount of split. After reading through the responses offline, BG presented a slide deck that outlines a potential way forward for the Working Group to further discuss.

3.4 What is DCP 461 Addressing?

3.5 There are two issues arising from the way embedded projects trigger transmission.

- Depth of cost recovery
- Sharing of cost recovery

3.6 Options Consulted Upon

- Depth of cost recovery
 - 1.1 - No Transmission costs passed to Distribution – **Respondents disliked this option**
 - 1.2 – As 1.1, with exception for only one Customer
 - 1.4 – Adding HCPT (High-Cost Project Threshold) to any of the options
- Sharing of cost recovery
 - 2.1 – Cost apportionment
 - 2.2 – As 2.1, with a threshold - **Respondents preferred this option**
 - 2.4 – Adding HCPT to any of the options - **Respondents preferred this option**
- DNO guidance & standardisation
 - 3.1 – Better DNO guidance - **Respondents disliked this option**

3.7 Next Steps (suggested by BG)

3.8 The highest voted three options will likely be considered by the group for submission to Ofgem for approval of a single option, or rejection of the entire modification.

3.9 Should this be sent to Ofgem by the end of July 2026 for a decision, it could be implemented for Phase 2. Potential for Phase 1 to be updated in line with DCP 461 decision by further variation.

3.10 BG suggested that the Working Group should explore the principles of no detriment for how and when to implement. Following the Consultation responses, the preferred options (in order of popularity) can be found below:

- 1. Capacity based charging with HCPT
- 2. Capacity based charging
- 3. No costs applied except: where sole user, where above HCPT

3.11 Working Group Discussion

3.12 In regard to which options are taken forward, although not a preferred option, ED suggested included Option 3.1 as an alternate solution to Ofgem, on the basis that Ofgem could choose this option as a slight improvement if they reject the other proposed solutions. BG understands this; however, the aim of this CP is to remove the last person standing issue and does not believe that Option 3.1 would have much impact on this.

3.13 A number of members debated on whether Option 3.1 should be taken forward or not and whether there would be any impacts if this was to be chosen by Ofgem and implemented as the start of ED3. Members could not come to an agreement; JP suggested that if Ofgem choose to reject all proposed solutions, the process would revert back to the current status quo and then the option to explore Option 3.1 further becomes available. LW responded that there is an inconsistency issue at present and suggested Option 3.1 would be an improvement to the current status quo.

3.14 Following this, BH suggested going back to the original plan of presenting Ofgem with three individual CPs in relation to each of the proposed solutions as each one has already been consulted on. Members discussed this and agreed with this suggestion which would provide Ofgem with all available options to base their decision on.

4. Review Collated Consultation 2 Responses

4.1 The Chair presented the Consultation Response Summary Papers for questions 1-4 live on screen for the Working Group to review and discuss.

4.2 The key updates can be found below:

4.3 **Q1** – *Do you agree with the Working Group's approach (as previously applied by Ofgem in other methodologies) is the appropriate method for determining a High-Cost Project Threshold? Please explain your reasoning.*

4.4 The Chair noted that feedback queried whether the data set used is broad and recent enough to produce a robust analysis (i.e., is the amount of data that was used to calculate what the threshold should be, sufficient?).

- 4.5 BH explained that there are not many sites that this applies to and therefore the data set used was the best data that is currently available. LW suggested that there may potentially be more data from NESO that could be gathered to use within the analysis. BH was happy with querying if more data is available to increase the size of the data set, and the Secretariat agreed to take an action to reach out and seek if more data is available.

ACTION 16/01: The Secretariat to reach out to NESO to seek if additional data is available to include within the current data set.

- 4.6 The Working Group also agreed that as a minimum, an extra rationale needs to be added to explain why the data set is 6-months.

ACTION 16/02: The Secretariat to add an extra rationale to explain why the data is 6-months.

- 4.7 In terms of the HCPT, RS stated that if there was more data, this might not be needed – but due to limited data, a threshold is needed.
- 4.8 MPS does not believe that gaining more data will be possible and suggested that forecasting tracking of tenders going forward would be more effective. Without a larger data set, MPS suggested that a review mechanism will be needed to adjust the threshold.
- 4.9 BH suggested presenting the solutions to Ofgem as is, and if Ofgem prefer an option with the HCPT but need more precision, this can then be sent back to the Working Group for further work. The concern is that more time could be added trying to gain more data that is not knowingly available which may cause delays, for Ofgem to not want to take that option forward.
- 4.10 RS raised a concern stating that the aim of the Consultation was to gain a better understanding of whether the HCPT was correct and narrow down the options available, and this is not being done.
- 4.11 LS explained to the group that Ofgem always recommend that both Working Group and Impact Assessments should ensure that the data analysis is as detailed as possible for Ofgem decision making. If there are limitations, these can be caveated and Ofgem can look into that. LS stated that they are unsure on Ofgem's ability to detail a preference within a send-back letter. LS also mentioned that in regard to taking Option 3.1 forward, he would need to check whether Ofgem can make a decision on this if it is not an FMR (Final Modification Report) as Ofgem assess based on the FMR. LS agreed to take an action to look into these two points above and feedback to the group.

ACTION 16/03: LS to look further into whether Ofgem can state a preference within a send-back letter, and whether Option 3.1 would need to be its own FMR in order to be assessed (if taken forward).

- 4.12 A couple of members raised comments around the HCPT with examples suggesting that they believe that the threshold would be easily met by a typical project. The concern is if, for example, 10 small projects (10 MW), they would all exceed the threshold, but they would be cumulatively triggering those works.
- 4.13 BH stated that the HCPT approach is meant to be capturing the last 5% of projects that are the extremities in terms of £'s per MW, so that most would not exceed the threshold. AI believes that the cost at this present time would actually capture a large number of projects as it has been calculated based on the GSP capability. Looking at NGEDs embedded capacity register, AI stated that

based on the cost and what is currently within the table for the connection assets, around 75% of those projects would meet the HCPT and exceed it.

4.14 BH stated that this is helpful information, and if this is what is happening then this approach is not doing what it is intended to do. AI suggested that rather than using GSP capabilities for the MW to calculate the value, it may be more suitable to look at the average size of these individual projects.

4.15 Following this, AI suggested looking across the DNO regions and looking at average sizes of projects and look at how many would meet the threshold, versus not. AI and JP agreed to have a discussion around this offline to see if this analysis can be carried out and feedback to the group.

ACTION 16/04: AI and JP to have a discussion offline around looking across the DNO regions and look at the average sizes of the projects, and how many would meet the current threshold, versus not.

4.16 Following the above discussions, the Working Group agreed that in terms of next steps, the Secretariat will reach out to NESO to see if more data is available within the next two weeks. If this is received, this will be included and this can be progressed. AI and JP will have discussions offline to double check the average sizes of projects across DNO regions. BH stated that this is designed to be a strong locational signal for the extremities based on the user MWs.

4.17 **Q2** – *Do you agree with the Working Group's position of applying a HCPT of £125,000 per MW. Please provide your rationale either way.*

4.18 The Working Group noted that following the actions agreed within the discussions following Q1, the conclusions of Q2 may change. LW stated that if the analysis comes back and it is not representative across DNOs, then this could change.

4.19 One of the key themes from the Consultation responses was whether the proposed solution works fairly for real world projects and will smaller projects be caught by the threshold more often, because of wider reinforcement costs being high. BH explained that this may be the case, however, this is a consequence of small projects triggering big works. It makes small projects triggering big works not viable, and therefore they will not go ahead and will not trigger big works. This is the purpose of this option.

4.20 Respondents queried whether the inclusion of a HCPT runs the risk of making the charging approach overly complicated – members noted that this is standard and is in for demand and generation connecting for distribution connection charges. Members also noted that it is no more complicated than what is currently in place for different costs.

4.21 Respondents queried whether the same threshold is to be applied to both demand and generation connections, whether the unit of measurement needs to be considered and whether the Working Group should produce the splits to evidence that one common threshold can work across different project types. The Working Group discussed this and agreed to revisit all of the key themes to Q2 once the potential additional data has been received following the actions agreed.

4.22 **Q3** – *Do you agree that a 5 MW threshold is appropriate for identifying when assets should be subject to cost apportionment under Option 2.2? If not, do you prefer an approach based on voltage level? Please provide justification.*

- 4.23 The Chair informed the group that responses showed broad support for the aim of avoiding unfair outcomes where the Customer could end up paying for network reinforcement that also benefits others. However, respondents were divided, with 6 respondents supporting a single 5 MW threshold, whilst 4 respondents preferred a rule based on connection voltage. Some respondents did not consider either of those options as fully satisfactory.
- 4.24 In terms of an impact assessment, MPS queried how many DNOs, across GB, how many 5 MW and above applicants do they get versus how many 11 kV applications; MPS stated that this will ultimately translate into how many of these go to NESO. MPS believes there is a big difference between all 11 kV applications versus above 5 MW applications. BH stated that he would not expect 5 MW of demand to be triggering transmission works, but equally, if it was connected to the HV it wouldn't be expected to trigger transmission works either.
- 4.25 BG stated that looking at the total population of generation collecting onto the network, the different proportions of it are above 5 MW and a different proportion than it would be within the voltage rule. BG stated that more would be recovered under the voltage rule than it would under the 5 MW. BH believes this may be a marginal difference.
- 4.26 A number of members mentioned that the Working Group need to be clear in terms of [CMP 446 'Increasing the lower threshold in England and Wales for Evaluation of Transmission Impact Assessment'](#) as theoretically, there could be one MW application that triggers reinforcement. If the threshold has been set to 5 MW, what happens with those costs – BH explained that this application would be more of the second comer. BH continued to state that if someone who is above the HCPT triggers it, they would pay their proportion of the cost of the capacity created, and the same mechanism will be applied to any subsequent comers. If someone was above 5 MW, they would still be exposed to the percentage of the cost.
- 4.27 BH stated that if there were a large number of 4.9 MW applications, they could still connect and avoid that charge; they would not have to pay the connecting Customers and will avoid the charge. There are different views on this, and no clear consensus.
- 4.28 BG noted that the general response from the Consultation was that there was a preference for Option 2.1, it just wasn't favoured as highly as the other options. The overall preferences were for Option 2.2, with and without the HCPT.
- 4.29 With that, BH suggested progressing with two versions of Option 2.2 – one based on 5 MW, one based on the voltage rule, and then add in the HCPT, which will make 4 options.
- 4.30 RS queried whether there is any merit in not taking Option 1.1 and Option 1.1 plus 1.4 forward as this was not a preferred solution by any respondents. MPS added that there has been an appetite for deepening transmission charging and feels as though Option 1.1 is not aligned to where things are heading on the transmission side.
- 4.31 BH suggested that it might be simpler to write the solutions as three separate documents, articulating in each one what the option is doing and cross-referencing the differences. With this approach, MPS suggested it would be beneficial to include clarity around the lack of appetite for Options 1.1 and 1.4, and make respondents aware that the Option 2 variants were favoured highly.

- 4.32 RS suggested to the group that the document containing the solutions for Option 1.1 and Option 1.1 plus 1.4 should be removed following the feedback received via the Consultation and replaced with the solution for Option 3.1. Members discussed this, and agreed to drop the Option 1.1 and Option 1.1 plus 1.4 solutions due to lack of preferences along with the knowledge that the current steer is towards deeper connection charges.
- 4.33 The Secretariat also agreed to take an action to produce a recommendation paper to the DCUSA Panel on how best to hold the voting for each of the proposed options/solutions, as often when there are multiple solutions, the preferred option can often lead to them all being rejected due to the 'being greater than 50%' rule. The Working Group were happy with this approach.

ACTION 16/05: The Secretariat to produce a recommendation paper to the DCUSA Panel on how best to hold the voting for each of the proposed options/solutions in relation to the 3 separate Change Reports.

- 4.34 **Q4** – *Do you agree with the Working Group's proposed no detriment approach? Please provide your rationale either way.*
- 4.35 The Chair informed the group that most respondents supported the idea that Customers who have already agreed to connection terms should not be made worse off by any new charging rules. This was widely viewed as a fair and reasonable starting point. The Chair also noted that a small number expressed only partial support due to practical concerns.
- 4.36 One key theme from the Consultation feedback was whether the proposed solution risks Customers accepting initial offers based on old charging rules, which may be unaffordable, in order to remain eligible for later revisions under the new rules. RS stated that this is true for most reform, an initial offer has to be accepted to remain eligible.
- 4.37 The Chair reiterated that the respondents agreed with the Customers being no worse off.
- 4.38 LW did mention that there is a quote referenced under Q4 stating 'protecting existing Customers from cost increase' and stated that this cannot be located within the collated Consultation responses document. The Secretariat agreed to take an action to look into this further and locate the source of the reference.

ACTION 16/06: The Secretariat to locate the reference under Q4 that states 'protecting existing Customers from cost increase' within the collated Consultation responses document.

- 4.39 Following the above discussions, the Working Group agreed that it would be suitable to hold the discussions for now, progress the agreed actions, and issue a poll for the next Working Group meeting.

ACTION 16/07: The Secretariat to issue a meeting poll to the Working Group for the next meeting.

5. Agreed Next Steps

- 5.1 The Working Group discussed the next steps, and the following items were captured:
- The Secretariat to reach out to NESO to seek if additional data is available to include within the current data set.

- AI and JP to have a discussion offline around looking across the DNO regions and look at the average sizes of the projects, and how many would meet the current threshold, versus not.
- The Secretariat to produce a recommendation paper to the DCUSA Panel on how best to hold the voting for each of the proposed options/solutions in relation to the 3 separate Change Reports.
- The Secretariat to issue a meeting poll to the Working Group for the next meeting.

6. Any Other Business

- 6.1 The Chair asked the group whether there were any other items of business to discuss.
- 6.2 There were no other items raised.

7. Next Meeting Date – TBC

- 7.1 The Chair confirmed the next Working Group meeting is currently TBC. The Secretariat agreed to issue a meeting poll to the Working Group for the next meeting in due course.

APPENDIX A

New and Open Actions

Action Ref.	Action	Owner	Update
02/02	MA, BH and BG to pull together work done by previous ENA group to see if it can be used by the Working Group.	Mark/Brian/Ben	On Hold (Post-Consultation 2) <i>Members agreed to keep this action open as it is not required to consult, but may be required for an Impact Assessment, following the Consultation.</i>
16/01	The Secretariat to reach out to NESO to seek if additional data is available to include within the current data set.	Secretariat	New Action.
16/02	The Secretariat to add an extra rationale to explain why the data is 6-months.	Secretariat	New Action.
16/03	LS to look further into whether Ofgem can state a preference within a send-back letter, and whether Option 3.1 would need to be its own FMR in order to be assessed (if taken forward).	Liam Sweeney	New Action.
16/04	AI and JP to have a discussion offline around looking across the DNO regions and look at the average sizes of the projects, and how many would meet the current threshold, versus not.	Alex Ikonic / Jack Purchase	New Action.
16/05	The Secretariat to produce a recommendation paper to the DCUSA Panel on how best to hold the voting for each of the proposed options/solutions in relation to the 3 separate Change Reports.	Secretariat	New Action.

16/06	The Secretariat to locate the reference under Q4 that states 'protecting existing Customers from cost increase' within the collated Consultation responses document.	Secretariat	New Action.
16/07	The Secretariat to issue a meeting poll to the Working Group for the next meeting.	Secretariat	New Action.

Closed Actions

Action Ref.		Update	
15/01	Chair/Working Group to update paragraph 7.5 once the structure and content of section have been finalised.	Chair/Working Group	Closed. <i>The Chair updated this paragraph post-meeting and issued this for review.</i>
15/02	BG to provide a figure and clarity on the source.	Ben	Closed. <i>This was provided post-meeting and included in the consultation document.</i>
15/03	Chair to draft legal text for options 1.1 and 1.2 when combined with option 1.4.	Chair	Closed. <i>The Chair drafted these post-meeting and issued them for review.</i>
15/04	Chair to draft amend the legal text to state the £125,000 figure.	Chair	To be closed

			<i>The Chair updated this post-meeting and issued the legal text for review.</i>
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