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Sent by email to: [connections@ofgem.gov.uk](mailto:connections@ofgem.gov.uk)

Dear Neal

**Ofgem's minded-to decision to approve the Original Proposal of CUSC code modification CMP448 Introducing a progression commitment fee to the Gate 2 connections queue**

Thank you for inviting views on Ofgem's minded-to decision to approve the Original Proposal in the CMP448 Final Modification Report. This response is non-confidential and may be published.

Centrica continues to support the introduction of a new financial mechanism to the reformed connections regime to support effective delivery of the TMO4+ Connections Reforms and a healthy connections queue in support of the Clean Power 2030 objectives. We believe the CMP448 Progression Commitment Fee (PCF) is a proportionate measure that, if triggered, will strengthen existing incentives.

**Q1. Do you agree with our minded-to position to approve the Original Proposal of CMP448? Please provide reasons for your answer.**

We consider both the Original Proposal and WACM2 are good options that meet the Applicable CUSC Objectives. We support Ofgem's minded-to position to approve the Original Proposal, although WACM2 could have provided additional benefits.

Both the Original and WACM2 would enable NESO to rapidly address issues with queue health if non-viable projects risk blocking the connection of readier, more viable projects needed to contribute to net zero targets. Both would enhance competition in electricity

generation by accelerating the connection of viable projects should queue health deteriorate. Ultimately, end consumers should benefit from reduced costs compared to the current situation.

We stand by our position in the Code Administrator Consultation that WACM2 could have been a more effective solution than the Original Proposal by combining an incentive for projects to terminate at an earlier opportunity with a discount which de-risked the process for viable projects. However, we agree with Ofgem's view that the Original Proposal offers clearer and more predictable implementation, less complexity and would be less costly to administer.

We do not support WACM1, as the 90% discount would make the PCF largely ineffective.

We agree CMP448 should be in place by the time NESO starts issuing the 'whole queue to new queue' Gate 2 Offers.

**Q2. Do you have any further remarks, comments or concerns with our minded-to position or the accompanying Impact Assessment, that you would like us to take into account?**

The Impact Assessment validates our view that WACM1 sets the PCF too low to incentivise non-viable projects to terminate in a timely manner.

If you would like to discuss anything in further detail, please contact me at

[REDACTED]

Yours sincerely

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**Centrica Regulatory Affairs, UK & Ireland**