

# NESO Announcement on Securities



## Key Announcement

NESO with agreement from Ofgem have announced that there will be a freeze to the bi-annual securities process for the next two security periods which is to take effect from 01 April 2025 until the period ending 31 March 2026 to allow customers to prepare for connections reform implementation and ensure that their projects are in the best place possible to achieve Gate 2. We have summarised what this means for our customers below.

## Who Will Be Affected?

- **Impacted Projects:** All generation and storage projects 1MVA and over that have a **current signed agreement** which includes Transmission Reinforcement Works and place securities with NGED.
- **Unaffected Projects:**
  - Embedded demand.
  - Projects that are below 950kVA
  - Projects limited to export under 950kVA (e.g., behind-the-meter projects).

## What Does This Mean for Your Project?

If you are over 1MVA and have a **current signed agreement** in place with NGED with the requirement to secure against the relevant transmission works, your current values within your securities statement (which is effective from 01 September 2024 until 31 March 2025) will remain unchanged until:

- The evidence you have submitted for Gate 2 has been validated and accepted and you have received and signed your revised Gate 2 Offer (The assumption based on the current Connections Reform implementation timelines is due to be completed by 31 March 2026)
- Confirmation your project does not meet the Gate 2 requirements at which point you will no longer be required to replace securities.

## **Wider Cancellation Charge:**

If your project has yet to initiate the Trigger Date, you will continue to not be liable for Wider Cancellation Charges even if your project has a Trigger Date of 01 April 2025. If your project has already passed the Trigger Date, your Wider Cancellation Charge will remain at the same level.

## **Termination Before Implementation of Connections Reform:**

Should you wish to terminate your project ahead of the implementation of Connections Reform, we will follow the normal termination process and levy the Cancellation Charge as stated in your existing MM2 Cancellation Charge Statement.

## **Outcomes After Implementation of Connections Reform:**

Customers eligible to receive a Gate 2 offer will have any relevant securities, liabilities and one-off costs updated in the revised offer. Customers not eligible for a Gate 2 offer will have the requirement to hold securities against future liabilities removed after a short period