

Public

## Workgroup Consultation Response Proforma

### CMP470: Introducing an Oversubscribed Technologies

#### Commitment Fee

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to [cusc.team@neso.energy](mailto:cusc.team@neso.energy) by **5pm** on **30 April 2026**.

Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact [cusc.team@neso.energy](mailto:cusc.team@neso.energy)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Charles Deacon	
<b>Company name:</b>	Eclipse Power	
<b>Email address:</b>	charles.deacon@eclipsepower.co.uk	
<b>Phone number:</b>	07815466968	
<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input checked="" type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input checked="" type="checkbox"/> Other

Public

**I wish my response to be:**

(Please mark the relevant box)

☒ **Non-Confidential** (this will be shared with industry and the Panel for further consideration)

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Panel or the industry for further consideration)

**For reference the Applicable CUSC (Connection charging) Objectives are:**

*Means the Use of System Charging Objectives, as if references therein to the Use of System Charging Methodology were to the Connection Charging Methodology and in addition, the objective (where consistent with the other objectives) of facilitating competition in the carrying out of works for connection to the National Electricity Transmission System.*

**For reference the Applicable CUSC (non-charging) Objectives are:**

- i. *The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence\*;*
- ii. *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- iii. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency \*\*; and*
- iv. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

\* See Electricity System Operator Licence

\*\*The Electricity Regulation referred to in objective (iii) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the

## Public

*internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.*

### **For reference, (for consultation questions 5) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:**

- a) fostering effective competition, non-discrimination and transparency in balancing markets;*
- b) enhancing efficiency of balancing as well as efficiency of national balancing markets;*
- c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;*
- d) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;*
- e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;*
- f) facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;*
- g) facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.*

## Public

### What is the EBR?

The Electricity Balancing Regulation (EBR) is a European Network Code introduced by the Third Energy Package European legislation in late 2017.

The EBR regulation lays down the rules for the integration of balancing markets in Europe, with the objectives of enhancing Europe's security of supply. The EBR aims to do this through harmonisation of electricity balancing rules and facilitating the exchange of balancing resources between European Transmission System Operators (TSOs). Article 18 of the EBR states that TSOs such as the NESO should have terms and conditions developed for balancing services, which are submitted and approved by Ofgem.

**Please express your views in the right-hand side of the table below, including your rationale.**

### Standard Workgroup Consultation questions

1	Do you believe that the Original Proposal better facilitates the Applicable Objectives versus the current baseline?	Mark the Objectives which you believe each solution better facilitates than the current baseline:	
		Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		The OTCF will increase bureaucracy and administration resulting in less efficient facilitation of the objectives; it will also reduce competition by favouring well capitalised developers, rather than the best projects. Existing mechanisms such as Queue Management and the outcome of the Gate 2 to Whole Queue process should be used first.	

## Public

2	Do you support the proposed implementation approach?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>We do not believe an implementation in January 2027 will give enough time for the Gate 2 to Whole Queue process to complete for natural attrition to occur. Presently developers do not have the full information to decide whether to leave the queue, in absence of their Gate 2 offers. It is likely there will be material changes in securities and capital costs when issued which will provide pricing signals.</p> <p>If applied, a phased approach applied 3 months after (or at signing of) the completion of each Gate 2 offer tranche would allow a period for self-regulation. WACM1 is an imperfect application of this.</p> <p>There is a danger of rushing to fix a problem whose impact is not yet fully defined or understood.</p>
3	Do you have any other comments?	<p>As well as points expanded on above and below, the application to the whole queue risks capturing projects that are not truly over-subscribed. A point was made in the workgroup that higher queue positions don't necessarily mean most viable, but this risks calling the mechanisms and merits of Gate</p>

## Public

		<p>2 to Whole Queue into account, which is out of scope.</p> <p>Additionally, new measures are typically looking at implementing more securities. This should be reversed, by giving developers real incentive to leave the queue and give up the position they have paid for. This could be a cancellation charge taper that starts at 0% and increases by 25% every 3 months up to 12 months after accepting a Gate 2 offer. This has the impact of buying back the capacity from the developer and would present a beneficial mindset shift on these measures.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section of <a href="#">CMP470</a>)</p> <p><input checked="" type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>
5	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>

## Specific Workgroup Consultation questions

## Public

6	Do you agree with the workgroup's understanding of the issues which oversubscription creates?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>To a degree, however we believe the issue of over-subscription with later connection dates may be overplayed – as detailed work on connection design would not begin until later and any resource used is reflected in the security and cancellation charge. As such, the issue at that point remains a paper issue with a lot that could change.</p> <p>As BESS is not deemed to impact the wider system, this is a connection point issue. For nearer term projects, milestones and existing securities should be effective. For later term projects, “paper” substations or bay extensions do not become “real” until projects are further progressed – and if within milestones will have market and financial backing.</p> <p>We also believe far more direction needs to be given to TOs to implement bay sharing in Phase 1 – as is common on distribution connections.</p> <p>Finally, elements of this oversubscription can be attributed to hybrid sites, which are not taking up any more connection spaces. A full impact assessment should be undertaken on this.</p>
---	---	---

## Public

7	Do you have evidence which may support the Workgroup in understanding what proportion of projects in the Gate 2 queue are unviable?	<div data-bbox="564 409 1362 607"> <input type="checkbox"/>Yes  <input checked="" type="checkbox"/>No         </div> <div data-bbox="564 607 1362 1406"> <p>Queue management milestones are good way to assess the health of a project. By working in step with developers as a joint project team, networks can help assess this on a case by case basis. But it is difficult to apply objective information to this and frequently networks and NESO do not have enough empathy with the development process to ascertain this. Viability differs across developers, use cases, cost of capital etc. Projects may be “unviable” until a very late stage, when a final operator is appointed; originators are critical in the development process to bring forward the required projects quickly.</p> </div>
8	Do you have any comments on the Workgroups understanding of technical and economic viability of projects?	<div data-bbox="564 1406 1362 1617"> <input type="checkbox"/>Yes  <input checked="" type="checkbox"/>No         </div> <div data-bbox="564 1617 1362 1787"> <p>Click or tap here to enter text.</p> </div>
9	Do you agree with the proposed activation threshold of 50% oversubscription and	<div data-bbox="564 1787 1362 2002"> <input checked="" type="checkbox"/>Yes  <input type="checkbox"/>No         </div>



## Public

	deactivation threshold of 25% oversubscription?	Click or tap here to enter text.
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>Regional subscription, as this is based on cost-benefit analysis of various connection points. The capacity re-allocation mechanisms can be applied to the OTCF.</p>
11	Do you agree with the proposed timing of the OTCF from implementation or Gate 2 contract signature (whichever is sooner) up to energisation?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>As above, this should be implemented on signing of the Gate 2 offer but staged for implementation 3 months after the last Gate 2 offer in that tranche is issued (the validity period)</p>
12	Do you agree with the proposal to apply the OTCF as a securities floor?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>A securities floor needs to be based on evidence, rather than arbitrary figures. The securities regime is supposed to reflect cost incurred – so provides adequate price signals</p>

## Public

		<p>nearer connection to commit to the project and avoid abortive work.</p> <p>Projects that are far out have low securities as there is little work to be done, so the “impact” of them sitting in the queue is realistically minimal. It seems disproportionate to apply securities to these when they are naturally much further down the development cycle, but do form the next supply of projects.</p>
13	Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>The figures are disproportionate and feel arbitrary. WACM2 feels more proportionate.</p> <p>This high level also severely disadvantages less well capitalised developers, reducing competition. This does not necessarily mean these are the best or most viable projects.</p> <p>Consideration given by the proposer in the workgroup around pegging securities to works required should be considered more. If a project just needs a new bay at an existing substation, this could be seen as more viable and also a lower cost to consumers; an entire new node and overhead line the opposite. We should see an appreciation of this in the OTCF.</p>

## Public

		This also introduces additional cost burdens onto DNOs and transmission-connected IDNOs as this liability strictly sits with them; this could increase financing costs for independent networks who have to raise Letters of Credit.
14	Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed technology with another technology?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Unless they are causing additional system stress.
15	Do you agree that the OTCF should apply as well as the PCF?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Implementing both creates additional confusion and barriers to entry, as well as extra administration for networks. Rolling these into a single fee, or a % increase in User Commitment would be simpler to administer and understand.
16	Do you agree that any OTCF funds relating to a customer which does not go on to energise should be returned to consumers via TNUoS?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This needs robust auditing to ensure this happens in a timely manner.

## Public

17	Do you agree that NESO should have the option not to implement the OTCF if the activation threshold is breached?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Yes, similar activation capabilities as the PCF.
18	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		However we prefer this to be staged as explained above.
19	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Feels more proportionate, if an OTCF is to be applied at all – but rationale still feels unclear.