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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 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

Respondent details	Please enter your details	
Respondent name:	Kirsty Dawson	
Company name:	Statkraft UK Ltd	
Email address:	Kirsty.Dawson@statkraft.com	
Phone number:	07442 604102	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

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(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 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:

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- 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.*

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.

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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:		
		<table border="1"> <tr> <td>Original</td> <td> <input type="checkbox"/>i <input type="checkbox"/>ii <input type="checkbox"/>iii <input type="checkbox"/>iv <input checked="" type="checkbox"/>None </td> </tr> </table>	Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None	
<p>We are in favour of the baseline but voice our support towards the alternatives raised as these are more palatable (see our responses to Q18 & Q19).</p> <p>The Connections Reform process has allowed an excess 62GW BESS to be protected but there is caution over the accuracy of the CP2030 capacity targets both through their original calculation and the ability to accurately forecast 10 years ahead for a relatively new technology. There will be natural attrition, and GB may need more BESS than original targeted given the projected rise in GB electricity demand, generation and storage capacity. This consideration must also inform SSEP (which projects 50-60GW up to 2050).</p> <p>The volume of connections contracted in NGET's region (200GW by 2030) is overwhelming when compared to the 10 connections completed in 2024 and 6 in 2025. Before factoring in construction and outage complications, ramping up to the planned level of connection pace appears highly challenging to deliver (recent ENA dashboard on grid connections shows this - Connections data – Energy Networks Association (ENA)).</p>				

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		<p>This underscores the need for NESO to issue offers as soon as possible to allow attrition to take place, solidifying the real-world connections queue that will underpin the delivery of 2030 projects.</p> <p>There is an obvious concern about resource to deliver offered connections and schedule outages that must be reviewed further in line with an update on the Transmission Acceleration Action Plan.</p> <ul style="list-style-type: none"> • Critical for NESO to issue offers asap. Network design clarity will follow for NESO and TO's following acceptance or attrition. It must be clear that any gaps left by attrition must benefit the next project in the queue and not be open for new applications in a next window. The most practical approach is to design, and issue offers now and then refine and improve the queue based on attrition and a projects ability to go into construction and operation (e.g. indicated by inclusion within a CfD or LDES Cap and Floor scheme). • Bay Sharing policy requires developing and implementing sooner. • The unfreezing of securities will also be a significant influence on attrition. Phase 1 projects will need to commit significant funds to secure and protect their offers. Consideration is needed for Phase 2 projects to prevent developers holding onto capacity with de minimis commitment. • Further consideration of the benefits of colocation projects at the same substations
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		<p>is required. The G2TWQ process to separate qualification of hybrid assets has not been helpful and may render an entire project unviable. Hybrid projects are viable as a whole and offer the most efficient connections to the network.</p> <ul style="list-style-type: none"> Removal of 3a and 3b protections must not be pursued. Overall, we reiterate the need to have offers issued as soon as possible to allow attrition to take place and form a more realistic queue to deliver Clean Power 2030.
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/>Yes</p> <p><input checked="" type="checkbox"/>No</p> <p>We believe the Original proposal should only apply to those connections with capacity beyond the CP2030 targets in respective TO zones. It should only be applied after offers have been issued and the queue has been refreshed following attrition.</p>
3	Do you have any other comments?	<p>Other technologies cannot be disadvantaged by any proposed change, and we feel this should be battery specific only and non-precedent setting given the potential impact on investment confidence across non-storage assets</p> <p>We feel it is also important to raise the NESO SSEP are modelling potential pathways and have shared figures (which were raised in the working group) of potentially 50-60GW up to 2050. These/the SSEP must be taken into consideration on this critical Mod.</p>
4	Do you wish to raise a Workgroup	<p><input type="checkbox"/>Yes (the request form can be found in the Workgroup Consultation Section of CMP470)</p>

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	Consultation Alternative Request for the Workgroup to consider?	<input checked="" type="checkbox"/> No
		However we are in favour of an early TEC amnesty, which would benefit the network planning and reduce workload at NESO issuing more offers than needed, and would not require a CUSC mod to implement. Currently, developers who have received a gate 2 notification but know they will not accept, cannot pull out now as they would be susceptible to cancellation charges. However, if they wait for their gate 2 offer and don't sign, they will automatically go to gate 1 and have any securities placed returned. This process needs to change to allow for projects to pull out without delay.
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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.

Specific Workgroup Consultation questions

6	Do you agree with the workgroup's understanding of the issues which oversubscription creates?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Yes – inefficient to design for all protected projects prior to attrition.

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7	Do you have evidence which may support the Workgroup in understanding what proportion of projects in the Gate 2 queue are unviable?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Attrition is a natural part of project development. Between 2018 and 2023, 63% of projects were either abandoned, refused planning, withdrawn from planning, or consent expired (<u>Two thirds of renewables applications fail to get through planning stage</u>). BESS is a relatively new technology and the overall capacity for viable projects is yet to be fully understood.
8	Do you have any comments on the Workgroups understanding of technical and economic viability of projects?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Click or tap here to enter text.
9	Do you agree with the proposed activation threshold of 50% oversubscription and deactivation threshold of 25% oversubscription?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Activation thresholds need to be increased and cannot be calculated until all developers have received gate 2 offers, and either accepted or not.
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Regional.

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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
		As per other answers within this response, it should not be implemented until all developers have received gate 2 offers, and either accepted or not.
12	Do you agree with the proposal to apply the OTCF as a securities floor?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		It is potentially a useful tool to prevent a project with much later connection dates and very low (<£1k/mw) securities to fully consider accepting a gate 2 offer. A fee should be payable which is returnable to the developer on energisation.
13	Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		The levels are too high (notably higher than the PCF as well) and should be lowered. We would suggest c.£2k/MW and should only apply to those connections with capacity beyond the CP2030 targets in respective TO zones.
14	Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		The benefits of co-location/hybrid projects has already been quantified within the Clean Flexibility

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	technology with another technology?	<p>Roadmap, curated by DESNZ, Ofgem and NESO, but Statkraft would like to point NESO towards an article by Gresham House on the benefits – <u>Collocation: a smart solution for the UK energy transition</u></p> <p>Co-located sites are generally seen as ‘low hanging fruit’ with the lack of new infrastructure investment required to connect but have been hampered due to connections reform methodologies splitting the technologies through the qualification process and then not realigning them into Gate 2 offers.</p> <p>Projects which optimise use of the existing and planned network should be prioritised for the greater (efficient) network benefit they provide. This is not just collocating solar and BESS but also where an existing project is connected and a further project can share the existing infrastructure to connect a stage 2 development or where a second technology can sit alongside to compliment.</p>
15	Do you agree that the OTCF should apply as well as the PCF?	<p><input type="checkbox"/>Yes</p> <p><input checked="" type="checkbox"/>No</p> <p>We were not in favour of the PCF as we feel this creates additional, high admin burden on all parties. We are of the belief that queue management milestones have not had subsequent time to embed and take effect. In a period within the industry where there is uncertainty (including around investor confidence), we see this as a further barrier/penalty to development of renewable projects required.</p>
16		<input type="checkbox"/> Yes

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	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"/> No Developers should not be further penalised due to saturation of the market, and we would propose that a percentage is returned to developers if a project becomes unviable (i.e. 50% returned)..
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 Click or tap here to enter text.
18	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This alternative is more palatable than the original proposal, however our stance remains that we feel the baseline is sufficient.
19	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This alternative is more palatable than the original proposal, however our stance remains that we feel the baseline is sufficient.