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CMP470 Objection

We support the principles and objectives underpinning CMP470, namely, improving connection queue management, encouraging commitment from genuinely deliverable projects, and reducing inefficiencies arising from persistent oversubscription. However, it risks increased attrition of high-quality projects and thus impacting consumer costs through the implementation of the OTCF.

We cannot support CMP470 in its current form, and there are some considerations that we offer:

1. The logic of introducing new securities before resolving existing queue protections (3a/3b) is inconsistent and risks undermining the intent of connection reform
 - Not addressing the root cause of the issue of oversubscription (3a/3b projects) jeopardises projects that are due to connect imminently
2. The proposed £10k/MW OTCF floor is arbitrary
 - It effectively introduces a financial filter, rather than a viability-based one, prioritising access to capital rather than technical or strategic merit.
 - The vast expense, which is then tied up for a considerable period of time, risks the diversion of capital away from the GB Energy sector, further impeding on strategic national energy objectives, including security and decarbonisation.
 - The figure is not linked to demonstrable system costs, network planning impacts, or historical rates of project attrition
 - It lacks consideration for the locational importance of energy assets with increasingly locational system challenges
 - It lacks consideration for duration and type of storage assets
 - It is not proportional to differences in project maturity, scale, or technology risk
3. The proposal risks anti-competitive outcomes
 - It favours participants with large balance sheets or portfolio capital, over smaller but equally viable developers, noting that a considerable proportion of development activity is undertaken by SMEs, on the basis that large institutional investors tend to not have an investment mandate to be exposed to development risk
 - Thus, the outcome will be independent of project quality or deliverability, and therefore risk undermining fair and effective market competition, contrary to the intended outcomes of connection reform
4. The timing is premature relative to Gate 2 completions
5. The proposal may displace viable projects rather than improve delivery outcomes
 - Developers may be unable to justify full financial securitisation before uncertainties surrounding connections are resolved, particularly as the proposed approach recommends securities be forfeited should a connection offer not be advanced, despite a high probability that Gate 2 outcomes would render connections unviable for either technical or financial reasons, making withdrawal necessary, rather than voluntary.
 - Projects reliant on third parties may require time rather than capital to de-risk
6. The proposal does not clearly define the timelines of SSEP in relation to the OTCF

- We note that the proposal recognises that oversubscription may reduce not only through queue attrition, but also through an increase in the relevant technology capacity target, for example through the Strategic Spatial Energy Plan. Given this, we believe further justification is required for introducing an OTCF securities floor from January 2027, ahead of the enduring SSEP-aligned capacity baseline, as this may impose additional security requirements on projects that could ultimately be consistent with the system need identified through SSEP or alternatively remove the need for the OTCF after the securities are paid.