

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 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:	Michael Gordon	
Company name:	Kao Data Ltd	
Email address:	michael.gordon@kaodata.com	
Phone number:	07708 906 052	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input checked="" type="checkbox"/> Demand <input 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 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 checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		We support action to improve queue discipline where oversubscription by generation and storage is delaying progress for viable projects. A well-calibrated mechanism could better facilitate efficiency and competition than the current baseline, provided it is proportionate and is not treated as a precedent for demand-side users without separate evidence and consultation.	
2		<input type="checkbox"/> Yes	

Public

	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> No</p> <p>Support the aim however consider a workable solution could be made with some improvements.</p> <p>We support stronger queue discipline in principle and would be supportive of this proposal if it were refined and avoids unintended precedent beyond the oversubscribed generation and storage context that has given rise to the present modification.</p> <p>1 Closer alignment to the existing user commitment methodology would be beneficial. In the existing methodology, security can be less when certain project milestones are met, whereas the liability remains at the full, ramping over time value. If the aim is to encourage only viable projects to persist then the tool of liability could achieve that with the proposed OCTF but with securities not necessarily equal to liability.</p> <p>2. CMP470 describes the mechanism in £/MW and includes a BESS worked example. For asymmetric bidirectional storage assets which MW value applies to the fee should be defined.</p> <p>3. It is important that a BESS-driven oversubscription mechanism should not, without further evidence and consultation, be</p>
--	--	---

Public

		taken as an implied precedent for demand-side treatment.
3	Do you have any other comments?	No
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section of CMP470) <input checked="" type="checkbox"/> No
		N/A
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
		-

Specific Workgroup Consultation questions

6	Do you agree with the workgroup's	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
---	-----------------------------------	--

Public

	understanding of the issues which oversubscription creates?	
		Click or tap here to enter text.
7	Do you have evidence which may support the Workgroup in understanding what proportion of projects in the Gate 2 queue are unviable?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Click or tap here to enter text.
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
		We do not think the paper yet provides sufficient justification for why 50% and 25% are the appropriate thresholds, as opposed to other possible levels. If these thresholds are retained, we think the final proposal would benefit from clearer evidence and explanation as to why

Public

		they are proportionate and how they are expected to operate in practice
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input type="checkbox"/> Yes <input type="checkbox"/> No <p>Yes or no do not seem the correct options. We understand the argument for a national rather than regional trigger and that a national approach may provide a more stable basis for a financial trigger. However, given that CP2030 itself uses regional breakdowns for technologies such as batteries, solar and onshore wind in order to support better locational allocation, the final proposal would benefit from explaining the trade-off more clearly.</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>No. The proposed timing appears too early and insufficiently targeted. A later trigger, more in line with Alternative Request 1, would be more proportionate and better distinguish viable projects from speculative ones</p>

Public

12	Do you agree with the proposal to apply the OTCF as a securities floor?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Applying as a liability floor would be more consistent with existing methodology and could achieve the same aim.
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 No, not in its current form. We recognise that the updated proposal has reduced the initial OTCF level compared with the original proposal. However, we are not yet persuaded that the proposed floor levels and escalation to £25k/MW are the right or most proportionate values. In our view, the final proposal would benefit from further evidence and calibration, particularly in relation to the cap, the pace of escalation, and the interaction with each project's existing security profile.
14	Do you agree that the OTCF should be applied to projects which co-locate an	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Public

	oversubscribed technology with another technology?	Agree that projects should not avoid the OTCF simply because an oversubscribed technology is co-located with another technology. However, we think it is important that the carve-outs described in the updated solution are retained and applied carefully, particularly where the oversubscribed technology connects later than the other technology or where its addition gives rise to no significant additional attributable works or connection costs. Co-located projects with minimal additional network impact should not be subject to disproportionate OTCF treatment.
15	Do you agree that the OTCF should apply as well as the PCF?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No. We do not think the OTCF should apply in parallel with the PCF where that would result in overlapping financial signals.
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 But this should be reconciled against real cancellation costs.

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
		There may be a short term need that arises away from the cadence of CP2030 or its equivalent. The ability for an override with a written justification to the authority from NESO would make sense.
18	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Yes, as Alternative Request 1 provides a more proportionate implementation approach. The proposed delay would better allow for natural attrition and be more accommodating for practical project and network decision making.
19	Do you agree with the proposed Alternative Request 2 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		No. We do not think Alternative Request 2 is superior to the original proposal or to Alternative Request 1. In our view, Alternative Request 1 remains the more proportionate and workable option.

Public