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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:	Grahame Neale	
Company name:	Lightsource bp	
Email address:	Grahame.Neale@lightsourcebp.com	
Phone number:	07741158820	
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?	<p>Mark the Objectives which you believe each solution better facilitates than the current baseline:</p> <table border="1"> <tr> <td>Original</td> <td> <input type="checkbox"/>i <input checked="" type="checkbox"/>ii <input type="checkbox"/>iii <input checked="" type="checkbox"/>iv <input type="checkbox"/>None </td> </tr> </table> <p>We agree with the proposer's assessment of the proposal on the CUSC objectives</p>	Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None			
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>We support the proposed implementation approach as it clearly states when Gate 2 projects will become liable for the OTCF.</p>		
3	Do you have any other comments?	Not currently.		
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input checked="" type="checkbox"/>Yes (the request form can be found in the Workgroup Consultation Section of CMP470) <input type="checkbox"/>No</p> <p>Please see alternative request form. This alternative is very similar to the proposal but has a modified way in which the OTCF is reduced.</p>		
5	Do you agree with the Workgroup's assessment that the modification does not	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p>		

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	impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	Yes, we agree with the workgroup on this topic.
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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, we agree with the workgroup's comments on the issues created by significant oversubscription of a technology.
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
		Whilst we agree with the workgroup's discussions and the nuances of whether a project is viable, we are not aware of any additional data/evidence which would be of use to the workgroup to further discussions.
8	Do you have any comments on the Workgroups understanding of technical and economic viability of projects?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We agree with the workgroup's commentary project viability, however we would also add that this viability assessment is undertaken by individual developers and so the same project may be deemed viable or unviable by different developers. As an example, a developer who has specialist land teams may see a project's challenge

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		as manageable whilst another developer without specialist land teams may not find a resolution and deem the project unviable.
9	Do you agree with the proposed activation threshold of 50% oversubscription and deactivation threshold of 25% oversubscription?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Generally yes we agree with these thresholds as they clearly determine whether a technology is slightly, moderately or significantly oversubscribed. We believe there may be some rationale in having lower threshold boundaries (e.g. 10% and 25%) but given these thresholds are largely subjective, we are happy to use the proposed 25% & 50% values until their impact is known.</p>
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We agree with the national implementation due to the risks of regional volatility highlighted by the proposer.</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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We agree with the proposer's solution in this regard. Whilst we believe an option of applying the OTCF up until milestone 8 (construction start) could also be viable, we believe the complexity of defining this point and the associated evidence requirements would add complexity for negligible benefit and so a simpler (and more robust) solution of energisation is satisfactory.</p>
12	Do you agree with the proposal to apply the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	OTCF as a securities floor?	
		Yes, we agree with proposal and commentary provided by the proposer.
13	Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Broadly yes, we support the maximum and incremental steps of the proposed OTCF however we would prefer the minimum to start at the originally suggested value of £5k/MW. We believe this is a value where the OTCF may begin to reduce the oversubscription and so values below this will only delay when the OTCF becomes effective. Acknowledging comments from other workgroup members about these values, we are able to accept the lower starting value of £3k/MW as it may still be effective and only introduces a 'delay' of 6-months until £5k/MW is reached.</p>
14	Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed technology with another technology?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We are supportive of the principle that the OTCF should apply to all oversubscribed technologies regardless of if they are standalone or co-located. We are also in agreement that the application of the OTCF may differ for co-located, oversubscribed technologies with negligible network impact additional to another technology at the same site. Whilst a more focussed solution that attempts to identify this network impact per collocated technology (and apply the OTCF accordingly) is academically possible, we believe it will be practically extremely difficult and so a broader solution for this may be needed. As an example, if the oversubscribed technology represents <50% of the installed capacity of the project, the OTCF is</p>

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		discounted by [X]% for that technology. Whilst this solution is not perfect, it would be relatively simple for the NESO apply. We look forward to seeing how the proper incorporates this into their solution and hope this is something we can also adopt.
15	Do you agree that the OTCF should apply as well as the PCF?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The design of the OTCF appropriately accounts for the PCF if/when they are activated.
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 We support this element of the solution.
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 This is a prudent element of the solution.
18	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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		Whilst we agree with much of the proposed solution, we don't believe a later implementation would improve the proposal based on the evidence presented so far.
19	Do you agree with the proposed Alternative Request 2 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>The simplicity of this solution is appealing but there are several key issues which would need to be addressed.</p> <ul style="list-style-type: none"> • The fee should be payable closer to acceptance of the Gate 2 contract, preferably aligned with when User Commitment Securities need to be provided. • The value of the fee is insufficient and would not be effective in reducing the amount of oversubscription. We believe this could be resolved by increasing the £/MW value or making the fee recurring until connection (e.g. annual). • Clarification of the oversubscription threshold.