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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](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>	Blesson Thomas	
<b>Company name:</b>	Clearstone Energy	
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<b>Phone number:</b>	07585568711	
<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input checked="" type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input checked="" 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 type="checkbox"/>iv  <input type="checkbox"/>None </td> </tr> </table> <p>Click or tap here to enter text.</p>	Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input 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 agree with the approach to reduce the oversubscribed BESS queue by introducing a financial commitment fee similar in line with PCF commitments. However, our key concern is that it benefits the projects with the deepest pockets and not necessarily those projects that represent the best value for end users by virtue of having the lowest connection costs. Therefore, an economic assessment as per response in point 8 will be required.</p>		
3	Do you have any other comments?	<p>Based on comments above, the initial floor should be reduced to £5k/MW for BESS projects that have demonstrated significant commitments such as achieved planning and are eligible for Clause 3a as they have already showed commitment and require funding to secure investor confidence. We take note that some BESS who have achieved planning may be behind huge network reinforcement costs versus</p>		

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		existing substation space and that needs to be reviewed under the economic assessment metrics.
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 <a href="#">CMP470</a> ) <input checked="" type="checkbox"/> No
		Click or tap here to enter text.
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
		Click or tap here to enter text.
7	Do you have evidence which may support the Workgroup in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	understanding what proportion of projects in the Gate 2 queue are unviable?	Attrition rates need to be applied only to Gate 2 BESS projects with land. It will be based on network reinforcements and, given current network issues, unless they are resolved and built within the next Phase, we expect a modest 50% of them not to be viable.
8	Do you have any comments on the Workgroups understanding of technical and economic viability of projects?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Yes, a CBA assessment would be useful to determine the network reinforcement costs- BESS connection with less reinforcement (spare bay or bay connection) vs new substation works making it not economic and efficient.</p> <p>Alternatively</p> <p>The commitment fee would only be payable by those projects that are 1) outside of quotas and 2) trigger substation expansion, a new substation or network reinforcement works</p> <p>A more sophisticated implementation would see the size of the project commitment fee linked to the cost of connection works per MW. Those projects that cost less to connect as infrastructure already there or developer is paying for private substation would pay a lower commitment fee than those projects that require significant network funded investments to connect can be covered under one off costs as it is beyond economic and efficient to connect them.</p>
9	Do you agree with the proposed activation	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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	threshold of 50% oversubscription and deactivation threshold of 25% oversubscription?	
		We agree with this approach, but the initial floor should be as per our comment for point 3.
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Regional oversubscription.
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
		Click or tap here to enter text.
12	Do you agree with the proposal to apply the OTCF as a securities floor?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		However based on comments in point 3
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
		Floor levels need to be reassessed as it can be detrimental to small developers who have serious projects with better value and better economics.

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14	Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed technology with another technology?	<div> <input type="checkbox"/> Yes           <input checked="" type="checkbox"/> No       </div> <p>We disagree that this should apply to co-located assets, as this is already affecting their business model, and imports should be allowed, subject to metrics for MW capacity and the network reinforcement they trigger.</p> <p>The economic case for hybrid solar is clear in our conversations with investors. Based on current industry revenue forecasts, a late-Phase 2 solar project (2031/32) is more profitable with an import-capable battery than without one. In many cases, solar-only revenue forecasts are failing to meet current investment hurdle rates, particularly for projects with higher connection costs due to transformer requirements or complex cable routes.</p> <p>While we expect this to change as BESS margins fall, reducing forecast revenue contributions from co-located assets—potentially leading to higher CFD clearing prices—there are immediate concerns regarding late-Phase 1 solar projects. These projects were in planning during the Connections Reform and missed out on Gate 2 connections for BESS. Consequently, they will be competing at CFD auctions against projects that secured Gate 2 connections and the associated additional revenue forecasts.</p>
15		<input type="checkbox"/> Yes



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	Do you agree that the OTCF should apply as well as the PCF?	<input checked="" type="checkbox"/> No
		OCTF should apply to BESS only projects who are over the current CP2030 targets
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
		Yes
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Click or tap here to enter text.
19	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Click or tap here to enter text.