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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: | Paul Youngman | |
| Company name: | Drax | |
| Email address: | Paul.youngman@drax.com | |
| Phone number: | 07738802266 | |
| 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 type="checkbox"/> Storage <input checked="" type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other |

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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 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.

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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.*

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

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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? | <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 type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None </td> </tr> </table> <p>In principle we see merit in the proposed reform which would place an additional financial commitment particularly in relation to the current potential oversubscription of BESS assets once offers are produced and accepted. However, we believe the original proposal is deficient in two areas which will limit its effectiveness and could produce unintended consequences.</p> <p>Firstly, the proposal is not sufficiently targeted at the relevant technology type. Given the level of potential oversubscription we believe there is merit in due-discrimination being applied so the measure only applies to BESS assets and do not impact on other potentially oversubscribed technologies including demand connections. Without appropriate targeting there could be unintended impacts particularly when a SSEP is released that could negatively impact AO (ii) <i>facilitating effective competition in the generation and supply of electricity</i>. We are also mindful of the potential crossover with the Ofgem CFI on Demand connections and HMG work on Data centres.</p> | 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 | | | |

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| | | <p>Secondly, the level of OTCF may be ineffective in increasing the level of attrition. The initial 3k/MW is only likely to deter a small number of BESS projects. This will likely lead to a prolonged period of low attrition until the OTCF reaches higher levels probably by late 2028. This delay in impact is negative against AO (iv) <i>Promoting efficiency in the implementation and administration of the CUSC arrangements</i>. Phase two projects are more likely to be impacted for longer due to the incremental structure of the charges which again negatively impacts on AO (ii) <i>facilitating effective competition in the generation and supply of electricity</i>.</p> |
| 2 | Do you support the proposed implementation approach? | <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>The proposed implementation approach of October 2027 and relatively low financial hurdle may lead BESS developers to accept offers, even if the project is not viable.</p> |
| 3 | Do you have any other comments? | <p>We would support a more targeted approach in terms of technology and region as at phase one there is not the level of oversubscription of BESS in all areas. We would also like to see more evidence (or modelled forecast) as to the likely increase in attrition rate of BESS projects for different levels of both £ /MW or £ per project commitment fees.</p> |
| 4 | Do you wish to raise a Workgroup Consultation Alternative Request | <p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section of CMP470)</p> <p><input checked="" type="checkbox"/> No</p> |

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| | for the Workgroup to consider? | Not at this time, though we reserve the right to do so in the future. |
| 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 |
| | | We agree. |

Specific Workgroup Consultation questions

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| 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 issues identified. We are mindful that in relation to TO modelling this solution does not resolve the issue. TO / connections processes will not be improved by the proposal. |
| 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 |
| | | We do not have additional evidence. |
| 8 | Do you have any comments on the | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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| | Workgroups understanding of technical and economic viability of projects? | |
| | | No further comments. |
| 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 |
| | | The levels seem appropriate for the current BESS oversubscription, however we are conscious that this may not be appropriate for other technologies in the future. |
| 10 | Do you think the OTCF should apply based on national or regional oversubscription? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | | A more targeted regional (and potentially by phase) approach may be more appropriate than a national approach given the OTCF will apply after acceptance. |
| 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 |
| | | We would prefer swifter implementation if the initial commitment fee remains low. |
| 12 | Do you agree with the proposal to apply the OTCF as a securities floor? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| | | No further comment. |

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| 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 |
| | | As highlighted in previous answers, we do not feel the incremental nature of the fee will deliver the required attrition. |
| 14 | Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed technology with another technology? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| | | We agree with this in principle if the technology is sufficiently targeted (for instance BESS assets on a regional basis) |
| 15 | Do you agree that the OTCF should apply as well as the PCF? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | | We would like to see some more worked examples and understand if there are any unintended consequences for different project phasing. (e.g <i>Demand with BESS and existing solar</i>) |
| 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 agree with this approach. |
| 17 | Do you agree that NESO should have the | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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| | option not to implement the OTCF if the activation threshold is breached? | |
| | | Our view is that there is a case that this modification should be targeted at BESS assets only. If NESO have the option to implement for one technology, but not another, this will have placed the due discrimination assessment in their area of responsibility. |
| 18 | Do you agree with the proposed Alternative Request 1 solution? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| | | In common with our assessment of the original proposal the alternative would be negative against AO (ii) and AO (iv). |
| 19 | Do you agree with the proposed Alternative Request 1 solution? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| | | In common with our assessment of the original proposal the alternative would be negative against AO (ii) and AO (iv). |