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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>	Joe Colebrook	
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<b>Which best describes your organisation?</b>	<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 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*

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- 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:**

- 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;*

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- 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.

**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	Mark the Objectives which you believe each solution better facilitates than the current baseline:	
		Original	<input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None

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	<p>versus the current baseline?</p>	<p>While Innova recognises that CMP470 may contribute positively to Objective i) by supporting the efficient discharge of obligations imposed on the Licensee under the Act and Licence—particularly in relation to network planning and providing ambitious connection dates to all projects—the proposal falls short in several critical areas.</p> <p>The OTCF mechanism, as drafted, operates as an escalating “pay-to-stay” requirement. This risks distorting competition by advantaging large, well-capitalised Developers and penalising smaller Developers or those with less robust balance sheets, regardless of underlying project deliverability. The use of a per MW fee will disadvantage larger projects that can provide the lowest cost of energy through economies of scale. CMP470 could lead to consolidation of projects into fewer hands, without necessarily reducing oversubscription, and it may reduce the average size of a battery project. Therefore, CMP470 does not facilitate effective competition. (Objective ii).</p> <p>The complexity of technology triggers, thresholds, ramping, and co-location rules introduces significant administrative burden and risks undermining efficiency in implementation and administration (Objective iv). The proposal’s reliance on a financial instrument (£/MW charge) as a proxy for scarce network resources is misaligned and may not target the actual drivers of constraint.</p>
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		<p>The risk is that the mechanism selects for access to capital rather than deliverability or consumer value, which is inherently anti-competitive and likely to drive consolidation rather than genuine queue attrition.</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Yes, with a recommended refinement. Innova supports the proposed implementation approach because it provides time for all Gate 2 offers to be reviewed and accepted, including projects which are 3a and 2b protected. This is an important step in enabling more informed, merit-based progression through the queue. However, we encourage the proposer /Workgroup to consider whether a further extension to the implementation date is appropriate to allow projects sufficient time to receive and review Non-Firm (Technical Limits) offers from TOs and DNOs, as these offers can materially affect the commercial attractiveness of connections and therefore a project's ability to compete on its merits. This point aligns with our rationale in response to Question 18 regarding the value of allowing time post-Gate 2 signature for Technical Limits / Non-Firm offers to be issued and assessed.</p>

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3	Do you have any other comments?	<p>CMP470 risks creating an outcome where the ability to retain queue position is determined by access to capital rather than by deliverability, system value, or consumer benefit. This is inherently anti-competitive and likely to drive consolidation (projects acquired by larger entities) rather than genuine queue attrition. Further, using a £/MW charge as a proxy for scarce network resources (often driven by physical constraints such as bays) is misaligned and may not target the actual drivers of constraint. We encourage the Workgroup/ Authority to consider more targeted reforms, including bay sharing, and more targeted queue management, milestone management.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<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> <p>No. Innova is not submitting a separate Workgroup Consultation Alternative Request at this time. Our primary position is that CMP470 (as drafted) should not progress due to its anti-competitive effects and disproportionate impacts.</p>

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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
		Yes. We agree with the Workgroup's assessment that CMP470 does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code.

## Specific Workgroup Consultation questions

6	Do you agree with the workgroup's understanding of the issues which oversubscription creates?	<input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No
		<p>No. Innova agrees that oversubscription creates material issues, including inefficient network planning, risk of lost investment, and delays for other users behind the oversubscribed projects in the connection queue.</p> <p>Innova believe the issue of inefficient network planning is overplayed. Transmission Owners (TOs) and NESO have established processes for developing new connections, which are well-known and have not changed significantly in the past year. These processes are designed to handle fluctuations in queue size and project viability, and are capable of adapting to changes without major inefficiencies.</p>



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	<p>While a large queue can create uncertainty, the presence of oversubscribed projects does not necessarily result in inefficient network planning. Many projects in the queue are filtered out naturally through milestones, planning consents, and commercial decisions. The risk of “unnecessary network redesign” is mitigated by the staged approach to connection offers and the ability of TOs to reprioritise based on actual project progress.</p> <p>Introducing blunt financial mechanisms like the OTCF may force premature attrition, leading to sudden changes in queue composition and potentially requiring network redesigns that would not have been necessary under the existing, gradual attrition process. This can increase inefficiency rather than reduce it.</p> <p>The risk of lost Transmission Owner (TO) investment is a minor issue because the User Commitment Methodology (Section 15 of the CUSC) already provides robust protection. Developers are required to post financial securities that cover liabilities for works triggered by their projects. If a project cancels or reduces capacity after works have begun, cancellation charges are applied based on actual TO investment, ensuring that TOs are compensated for any stranded costs. This arrangement places the risk on developers, who are best positioned to manage it.</p> <p>Additionally, TOs follow a staged design process, committing resources incrementally as projects progress through key milestones. Early studies and optioneering do</p>
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		<p>not trigger major investment, and formal works only begin once there is reasonable certainty of delivery, i.e. a User can evidence their Final Investment Decision. This approach, combined with natural queue attrition and milestone-based filtering, means that investment is rarely lost. The existing framework is effective, and CMP470's proposed financial floor does not materially improve TO protection.</p> <p>Innova do not agree with the workgroup's understanding of the issues, and the Consultation's framing does not sufficiently recognise that the proposed remedy (CMP470) may exacerbate competition and financing risks. The issue of delayed connections and inefficient network planning is real, but it is not as significant as the workgroup believes, and the proposed mechanism is not an appropriate or proportionate way to solve it.</p>
7	Do you have evidence which may support the Workgroup in understanding what proportion of projects in the Gate 2 queue are unviable?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Innova have obtained BESS build-out forecast data from Modo Energy, which can be included in the Workgroup Report. The attached data set and the graph provided below detail projected BESS deployment requirements for 2035 and 2050, allowing for comparison with existing Clean Power 2030 targets. While Clean Power 2030 sets an ambition of 23–27 GW of BESS by 2030, projections for 2050 indicate the need for</p>

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		<p>significantly greater capacity to support a decarbonised power system and increased renewable penetration.</p> <p>Long-term projections indicate that BESS capacity could need to reach 60–80 GW or more by 2050 to support full decarbonisation, system balancing, and security of supply. Modo Energy (Gate 2 pipeline snapshot provided).</p> <div><p>BESS Build Out Capacity Modo</p><table><caption>BESS Build Out Capacity Modo (Estimated Values)</caption><thead><tr><th>Year</th><th>Capacity (MW)</th></tr></thead><tbody><tr><td>2022</td><td>2,000</td></tr><tr><td>2024</td><td>5,000</td></tr><tr><td>2026</td><td>10,000</td></tr><tr><td>2028</td><td>18,000</td></tr><tr><td>2030</td><td>22,000</td></tr><tr><td>2032</td><td>24,000</td></tr><tr><td>2034</td><td>26,000</td></tr><tr><td>2036</td><td>28,000</td></tr><tr><td>2038</td><td>30,000</td></tr><tr><td>2040</td><td>38,000</td></tr><tr><td>2042</td><td>42,000</td></tr><tr><td>2044</td><td>48,000</td></tr><tr><td>2046</td><td>52,000</td></tr><tr><td>2048</td><td>53,000</td></tr><tr><td>2050</td><td>54,000</td></tr><tr><td>2052</td><td>56,000</td></tr><tr><td>2054</td><td>58,000</td></tr><tr><td>2056</td><td>59,000</td></tr><tr><td>2058</td><td>59,000</td></tr><tr><td>2060</td><td>59,000</td></tr></tbody></table></div>	Year	Capacity (MW)	2022	2,000	2024	5,000	2026	10,000	2028	18,000	2030	22,000	2032	24,000	2034	26,000	2036	28,000	2038	30,000	2040	38,000	2042	42,000	2044	48,000	2046	52,000	2048	53,000	2050	54,000	2052	56,000	2054	58,000	2056	59,000	2058	59,000	2060	59,000
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8	Do you have any comments on the Workgroups understanding of technical and economic viability of projects?	<div><div><input checked="" type="checkbox"/>Yes</div><div><input type="checkbox"/>No</div></div> <p>We agree with the Workgroup’s view that “viability” is nuanced and evolves over time; it is not a simple binary attribute at Gate 2 or any other single point in time. This is precisely why CMP470 is problematic: an escalating, technology-wide securities floor risks forcing out projects based on short-term financing constraints and timing, rather than genuine technical infeasibility or poor economic value to consumers. Any approach should distinguish between (a) projects that are genuinely undeliverable and (b) projects that are deliverable but</p>																																										

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		<p>require time to resolve development risks and secure capital.</p> <p>The term ‘unviable’ is inappropriate and confusing. A more appropriate term is that projects are uninvestable, i.e. the required money to resolve risks, or freeze risks, is not worth the potential return to an investor, and the risks are too great. Some risks can be discreet that require money to be invested into the project before it is clear a project is deliverable, e.g. submitting a planning application, or completing a topographical survey. Some risks are non-discrete and can change over time, e.g. energy prices or capital costs. Typically, the majority of the capital invested in a project is committed at the Final Investment Decision (FID), and it is at this point that most of the discrete risks have been mitigated, and most of the non-discrete risks are frozen, e.g. sign a fixed price contract with a construction company or a 10-year tolling agreement with an optimiser. Therefore, using the definition provided by the Proposer, a project can only truly be considered viable when FID is taken on the project. A project may choose to risk investing less significant sums of money into the project before FID because of the higher return they may get, even though they are unsure if the project is deliverable, because they are willing to invest money, the project can still be considered investable.</p>
9	Do you agree with the	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No

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	proposed activation threshold of 50% oversubscription and deactivation threshold of 25% oversubscription?	<p>Yes (noting Innova's wider position against CMP470). Thresholds/deadbands can help avoid frequent switching on/off and provide a degree of predictability in how oversubscription is assessed. In that context, a 50% activation threshold with a 25% deactivation threshold provides a clearer hysteresis than a single threshold and reduces the risk of oscillation. However, Innova reiterates that we do not support the introduction of an OTCF. Even with these thresholds, an OTCF mechanism can still create material anti-competitive impacts by selecting for access to capital rather than deliverability. Therefore, while we can support the proposed thresholds as a more stable design feature if an OTCF framework is progressed, our preference remains that oversubscription is addressed through alternative, more targeted reforms, such as bay sharing and effective contracts management processes.</p>
10	Do you think the OTCF should apply based on national or regional oversubscription?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Innova does not support the OTCF on either a national or regional basis. However, if an OTCF-style approach were pursued despite our objections, a regional assessment could in principle reduce the risk of suppressing development in regions that are not materially</p>

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		oversubscribed. That said, regional application also risks volatility where pipelines are small. Overall, we consider the better approach is to avoid a technology-wide OTCF mechanism and instead address oversubscription through more direct, targeted reforms that do not distort competition.
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  No. Innova believe it should be the <b>later</b> of the CMP470 implementation date or the Gate 2 contract signature date.  See the answer to question 2 for detailed comments on the proposed implementation date.
12	Do you agree with the proposal to apply the OTCF as a securities floor?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Yes (with important caveats). Innova does not support the introduction of an OTCF. However, if an OTCF is progressed, we prefer it be implemented as a <b>securities floor</b> rather than being applied <b>in addition</b> to existing securities requirements. An “add-on” OTCF would compound the financial burden, exacerbate balance-sheet driven attrition, and amplify the anti-competitive

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		<p>effects we have highlighted elsewhere in this response. Implementing any OTCF as a floor at least reduces the risk of double-counting and provides a clearer linkage to (and interaction with) existing securities arrangements, albeit it does not remove the fundamental issues that an OTCF can distort competition and may not target the underlying causes of oversubscription.</p>
13	<p>Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?</p>	<p> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No         </p> <p>No. Innova considers the proposed OTCF levels and ramping (including the potential to increase in £/MW increments up to a high cap) to be disproportionate and likely to be anti-competitive. Escalation based on an aggregate oversubscription metric can penalise viable projects for factors outside their control, and can force outcomes based on access to capital rather than consumer value or deliverability. The lower initial levels discussed still do not resolve the fundamental competition issue.</p> <p>Innova believe a maximum OTCF of £1000/MW would be a more proportionate value with respect to the issues TOs and other Users are facing. Even so, a £1000/MW would still have a negative impact on competition and would incentivise smaller (on a MW basis) projects.</p>

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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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>No. Applying the OTCF to co-located projects risks penalising configurations that may be efficient and beneficial to reducing consumer costs, particularly where the incremental impact of the oversubscribed technology is minimal. While we recognise the Workgroup has proposed limited exemptions, the resulting ruleset becomes complex and risks inconsistent outcomes. This further supports our view that the OTCF framework is not the right tool.</p>
15	Do you agree that the OTCF should apply as well as the PCF?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>No. Layering the OTCF on top of the PCF increases overall complexity and uncertainty, and compounds the risk of excessive/duplicative financial burdens. Even if the interaction is structured as a “floor to total securities”, the combined framework risks creating confusing signals and increasing the administrative burden. This does not support efficient administration of the Code (Objective iv).</p>
16		<input checked="" type="checkbox"/> Yes



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	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 type="checkbox"/> No  Yes, in principle. If an OTCF were introduced and collected via cancellation charges when a customer does not energise, returning those funds to consumers via TNUoS is a reasonable treatment and aligns with existing approaches. This does not, however, change our overall opposition to CMP470.
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  Yes. While Innova does not support the introduction of an OTCF, we would support NESO having the option (with appropriate Ofgem oversight) not to implement the OTCF immediately, even if the activation threshold is breached. This would allow NESO and Ofgem to consider additional evidence on natural attrition and queue discipline (e.g., % of Gate 2 acceptances, Queue Management Milestones, termination activity, and the impact of Technical Limits / Non-Firm offers) before introducing a measure that risks significant unintended and anti-competitive effects. Any discretion should be transparent, evidence-led, and time-bounded, with clear publication of the basis for decisions to maintain investor confidence.
18		<input type="checkbox"/> Yes

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	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> No
		Innova does not agree with any solution that introduces an Oversubscribed Technologies Commitment Fee (OTCF), because it creates a “pay-to-stay” barrier that risks distorting competition and favouring larger, better-capitalised parties over smaller Developers, irrespective of the underlying deliverability of the project. However, we recognise the merit in Alternative Request 1 to allow 12 months following Gate 2 contract signature for projects to (a) accept their Gate 2 offer and (b) progress to receiving a Technical Limits Offer and/or a Non-Firm Offer, either of which can materially change the commercial attractiveness of a connection and therefore a project’s ability to compete on its merits. In our experience, this process can reasonably take up to ~12 months after the Gate 2 offer is signed. On that basis, while Innova does not support Alternative Request 1 (because it still relies on an OTCF mechanism), it is preferable to the Original Proposal because it reduces the risk of premature attrition or consolidation driven by short-term uncertainty rather than by project quality and consumer value.
19	Do you agree with the proposed Alternative	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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	Request 2 solution?	Innova do not agree with Alternative 2. However, the Alternative is better than the Original proposal. While we recognise Alternative Request 2 seeks to reduce complexity and explicitly notes anti-competitive risks in the Original Proposal, it remains an OTCF-style financial barrier tied to technology and queue status. In our view, introducing any additional “pay-to-stay” security requirement risks distorting competition and driving consolidation, even if set at a lower fixed level and refundable on energisation.
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