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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:	Alex Ikonic	
Company name:	Roadnight Taylor	
Email address:	alex@roadnighttaylor.co.uk	
Phone number:	Click or tap here to enter text.	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input 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 checked="" 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?	Mark the Objectives which you believe each solution better facilitates than the current baseline:
		<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>
Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None	
<p>See answer to Q2 below – given that there are other actions being considered outside of the CUSC framework to address the BESS oversubscription issue, which could change the baseline, we have concerns over progressing this modification at this time.</p> <p>We also have concerns that this could be anti-competitive, particularly towards small developers, as has been raised in the workgroup. We believe this warrants further discussion.</p>		
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We have significant concerns over progressing this modification at this moment in time. We believe there are other actions which could be tried first to address this issue, including expanding the use of bay sharing and waiting for 'natural' Gate 2 offer attrition. On the latter point, we note that many projects will be faced with difficult choices when</p>

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		<p>receiving their Gate 2 offers and could face significant increases in costs, changes in connection points, updated connection terms (noting for some projects this will be the first time they have seen a 'full' grid offer if they applied in the last few years), and 'splitting' of co-located technologies by phases/stages which could materially affect the business case.</p> <p>On top of this, there are other actions being suggested by network companies to address this issue, on separate timelines to this modification, which means they could fundamentally affect the perceived defect, but whose impacts cannot be considered here. This could result in a damaging 'overcorrection' to the problem.</p> <p>Further thought is also needed on the timeline:</p> <ul style="list-style-type: none"> - Final G2TWQ offer acceptances may be delayed if offers need to be re-worked – NESO noted this has already been reported for 100 offers of the first batch of Protected offers. - Last of DNO offers are due by March 2027, DNO's will have 3 months to sign (April 2027 likely refers to customer deadline only). If DNO's sign offers by June 2027, question should be raised to NESO on whether this is sufficient time to calculate oversubscription and incorporate into July Cancellation Charge statements. - NESO have not committed to CMP434 window being in Q3 2026 – this could easily be delayed into 2027. - Under new license conditions, NESO will have up to 7.5 months from closure of the
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		application window to issue new Gate 2 offers – so even if CMP434 window is run in Q3 2026, this may mean offers are not all signed until Q3 2027.
3	Do you have any other comments?	Although out of the scope of this modification, we believe natural attrition of projects receiving Gate 2 offers can be encouraged by providing more information to developers alongside the offers to allow them to meaningfully assess the project viability – for example, ensuring offers fully detail the connection terms, providing information on queue positions and resolving material Technical Queries ahead of offer acceptance.
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 <div>Click or tap here to enter text.</div>
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 <div>Click or tap here to enter text.</div>

Specific Workgroup Consultation questions

6		<input type="checkbox"/> Yes
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	Do you agree with the workgroup's understanding of the issues which oversubscription creates?	<input type="checkbox"/> No
		<p>In principle, we do agree with the understanding of the potential issues that oversubscription <u>can</u> create, but we are not confident that the level of oversubscription has been accurately quantified and backed up by sufficient evidence in this case.</p> <p>Further granularity is needed on the capacity of co-located projects (as we would not expect such projects to require additional infrastructure), embedded projects, and on the number of projects driving the oversubscription (fewer large-scale BESS projects will have a different impact to a higher volume of small-scale projects). Further information is also needed about the timelines for significant capital expenditure expected by TO's. This modification will not prevent TO's designing for the pipeline of 90.6GW, so it is likely some design will need to be re-worked.</p> <p>We believe other options to address the BESS oversupply issue, such as bay sharing or delayed allocation of bays, need to be meaningfully considered by TO's before options like the OTCF are pursued.</p>
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
		<p>We cannot provide evidence at this time, but suggest considering Gate 2 offer acceptance rates as a first signal, hence why we believe proceeding with the modification at this time is premature.</p>

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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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>Agree it is sensible to have a threshold above which to activate and below which to deactivate.</p> <p>However, even with this mechanism, we believe developers may need to proceed on the assumption the OTCF is activated and this could result in the cost ultimately be passed on to consumers (same concern was raised by some industry members for CMP448 PCF).</p> <p>We are supportive of the oversubscription being calculated based on operational assets and signed Gate 2 agreements – we believe it would be inappropriate to include the Gate 2 status projects (i.e. the full 90.6GW) which are more akin to “interest in connections” rather than real oversubscription.</p>
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input type="checkbox"/> Yes <input type="checkbox"/> No
		While we acknowledge it is more complex to implement the OTCF on a regional basis, and this may be further complicated by the SSEP if zones are

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		<p>different, we have concerns with applying a national OTCF.</p> <p>There are significant differences in regional oversubscription out to 2035 – ranging from ~19% to ~1,160%. It is reasonable to assume zones towards the lower end will become undersubscribed – while substitutions may go some way to address this, we would note the relative low uptake of this in the G2TWQ exercise (<5GW was substituted across all zones and all technologies).</p> <p>It is a concern that a national OTCF may actively discourage projects to align with CP2030 targets.</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?	<p><input type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <p>We believe further discussion would be needed on the impact of near-term and long-term projects.</p> <p>We could see some merit in having the OTCF apply until FID or Construction Start only – there is a risk that delays following these could also be due to the network company and therefore it would be unfair to penalise developers for this e.g. if outages are delayed.</p>
12	Do you agree with the proposal to apply the OTCF as a securities floor?	<p><input type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <p>Click or tap here to enter text.</p>
13		<input type="checkbox"/> Yes

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	Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?	<input type="checkbox"/> No
		<p>We believe that further thought needs to be given to the maximum levels of the OTCF and the impact on competition.</p> <p>We believe the idea of a cap should be further explored in the workgroup – there is a risk that a £/MW value it may disincentivise developers from larger-scale projects, leading to more projects of smaller scale thus exacerbating the bay availability problem.</p> <p>Looking ahead, the next technology which we believe would likely be impacted by the OTCF would be data centres (assuming this strategic alignment workstream goes ahead). This could link to the point made on having a cap linked to project level rather than on a per MW basis.</p>
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>We do see merit in exempting some co-located projects. We do not see the reason why the oversubscribed technology must connect second to be considered exempt – even if two technologies connect at the same time, one could argue the network has not been overdesigned/built. Our understanding is that BESS are treated as having more 'neutral' impact in CPA's so additional network build in these cases should be minimal. In general, co-location should be encouraged to reduce requirements for additional infrastructure.</p>

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		<p>The fairness of applying this to G2TWQ projects could also be questioned, as their connection dates have already been set.</p> <p>Considering whether a second technology has “minimal network impact” may be difficult in practice as it would need to be carefully defined, and could require the TO to undertake multiple network studies to confirm this. Questions would then arise on whether projects would have any visibility of this, and/or opportunity to challenge if needed.</p>
15	Do you agree that the OTCF should apply as well as the PCF?	<p><input type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p>
		<p>Generally, we agree that under current rules it is highly unlikely for a project to be subject to the PCF and OTCF in practice. However, we believe there still could be a risk of this in the future due to the ‘disconnect’ between the CUSC and the Methodologies (with the latter defining the scope of Protections).</p>
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?	<p><input checked="" type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p>
		<p>Click or tap here to enter text.</p>
17		<p><input checked="" type="checkbox"/>Yes</p>

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	Do you agree that NESO should have the option not to implement the OTCF if the activation threshold is breached?	<input type="checkbox"/> No Yes, in principle we agree with NESO and Ofgem having this option, as it aligns with the PCF and in theory could offer some comfort against the OTCF being activated in parallel with other actions being taken by NESO / TO's to address the oversupply issue.
18	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input type="checkbox"/> No See answer to Q2 – we believe it is possible that the start date (point at which the fee becomes payable) may naturally delay to March 2028 and would welcome further discussion with the workgroup on this.
19	Do you agree with the proposed Alternative Request 2 solution?	<input type="checkbox"/> Yes <input type="checkbox"/> No We do not believe a one-off fee would necessarily offer an ongoing incentive for projects to leave the queue once it has been paid.