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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>	Andrew Dudkowsky	
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<b>Phone number:</b>	Click or tap here to enter text.	
<b>Which best describes your organisation?</b>	<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 checked="" 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 checked="" 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>Click or tap here to enter text.</p>	Original	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
Original	<input checked="" 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>NESO recognises the issue that oversubscription creates and broadly supports this proposal. The solution needs to be simple so that all participants understand how it will be applied and the impact on their project. The solution also needs to be fair in that it resolves the defect by removing the unviable projects from the queue, rather than making otherwise viable projects unviable by loading the project with extra securities.</p>		
3	Do you have any other comments?	<p>It's worth noting that there are other considerations being reviewed alongside CMP470 that may also help address the oversubscription e.g. bay sharing, the open letter from Ofgem for pragmatic approach to network build from TOs (as noted in workgroup discussions) and the Connections Network Design Methodology consultation review.</p>		

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		<p>To help the decision making for this urgent mod NESO feels it would be valuable to share an early view on the headline response from customers to the question we posed on this issue in the consultation. <i>“Do you have any views on battery oversupply? Would there be overall merit in any actions to seek to mitigate battery oversupply, including potential disapplication of protection clauses 3a and 3b for batteries applying in the next application window? Please explain your rationale.”</i></p> <p>In response a lot of the respondents referred to financial mechanisms to reduce battery oversupply. Where a response was provided to the question, almost half of responses supported the need for an additional financial mechanism for batteries. Some of those responses supported CMP470 explicitly, others were less specific and just set out more general support for a financial mechanism. Of the remaining responses, most opposed a financial mechanism for batteries but c10% did not refer to financial mechanisms at all in their response. Some of those responses opposed CMP470 explicitly, while others were less specific and just set out more general concerns about any additional financial mechanism. On balance therefore there were roughly equal levels of support and opposition to an additional financial mechanism to address battery oversupply.</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 <a href="#">CMP470</a>)</p> <p><input checked="" type="checkbox"/> No</p>

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	for the Workgroup to consider?	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  NESO agrees that oversubscription may lead to inefficient allocation of connection resources. This may result in a scenario where more-viable and "ready" projects are unable to proceed as there are less-viable projects ahead of it in the connections queue. Implementing a mechanism that removes less-viable projects from the queue will help resolve this issue and manage the size of the connections queue.
7	Do you have evidence which may support the Workgroup in	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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	understanding what proportion of projects in the Gate 2 queue are unviable?	NESO does not perform analysis on the viability of a project.
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  This seems a sensible approach, particularly the rationale to make the deactivation threshold significantly lower than the activation threshold.
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input type="checkbox"/> Yes <input type="checkbox"/> No  NESO agrees with justification in the proposal why the OTCF should be applied on a national basis. It would also make the solution simpler to implement and would mitigate against the OTCF from sending locational signals to developers.
11	Do you agree with the proposed timing of the OTCF from implementation or	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	Gate 2 contract signature (whichever is sooner) up to energisation?	Yes, however there is merit in delaying the implementation, particularly to allow all Gate 2 offers to be signed. It is not unrealistic to expect some projects to leave the BESS queue rather than sign their Gate 2 offers, and there might be a benefit in delaying implementing the OTCF until this has occurred. However, NESO also notes that this solution is not specific to BESS and is planned to be a long-term enduring solution, so we also recognise the benefits of implementing this modification ASAP.
12	Do you agree with the proposal to apply the OTCF as a securities floor?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>NESO has interpreted the term 'securities floor' as the securities limit for a given project. OTCF securities will be calculated on a sliding scale from £3k/MW up to £25k/MW and applied to a project up to the limit of the securities floor. For projects that have existing securities that exceed this floor, the OTCF security will be set to zero. The value of the securities floor has not been set, however this will be a key factor in sending the right signals to industry. Note this modification is intended to be an enduring solution for all technology types. The rationale and rules for setting the floor needs to be clear and transparent so that it is reusable for all technology types.</p>
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>NESO agrees that the level of the OTCF should change depending on the level of oversubscription</p>



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		in the connections queue, with higher levels of oversubscription generating higher levels of securities. NESO however believes that the developer community are probably in a better position to set the minimum and maximum levels.
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>NESO agrees with this principle. We note that in the workgroup, there is an outstanding suggestion that co-located projects where the oversubscribed technology has a connection date after the co-located technology should be exempt from the OTCF.</p>
15	Do you agree that the OTCF should apply as well as the PCF?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <p>NESO notes that the PCF and the OTCF are addressing different defects but are unlikely to be applied at the same time.</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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <p>This would make this consistent with the PCF.</p>
17		<input checked="" type="checkbox"/> Yes

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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  This would make this consistent with the PCF. NESO will need to apply the same levels of transparency in decision making when announcing this decision. Additionally, the proposal suggests that Ofgem have the facility to override any decision made by NESO. This again would make this consistent with the PCF.
18	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  Request 1 proposed delaying implementation of CMP470 until March 2028. NESO believes there is some merit in delaying the implementation of CMP470 for the reasons stated in the Alternative Request but also for the reasons stated in our reply to Q11.
19	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  I assume this relates to Alternative Request 2. NESO is sympathetic to this proposal. This proposes that a single security levied at £1.5k/MW should be applied up to energisation. NESO recognises this fee would impose extra securities on developers and may encourage those with unviable projects to leave the queue. It's impact on the wider queue oversubscription issue to bring down the queue size to the CP2030 levels however is unknown. It was noted in the workgroup discussion that the CMP470

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		proposal may favour larger developers and those with better access to security funding at the expense of smaller developers who perhaps do not have this facility. NESO recognises the problem that CMP470 is trying to resolve, however NESO is also conscious that CMP470 must deliver this outcome by targeting and removing unviable projects, rather than unintentionally targeting otherwise viable projects that cannot easily generate securities funding.
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