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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 usc.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 usc.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Navdeep Singh Gora	
Company name:	Northern Powergrid	
Email address:	Navdeep.gora@northernpowergrid.com	
Phone number:	+44 7564 490 716	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input checked="" 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 type="checkbox"/> Other

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*

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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:

- 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;*

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- 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.

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions

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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 data-bbox="564 504 810 611">Original</td><td data-bbox="810 504 1364 611"> <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>Northern Powergrid supports the Original Proposal as a proportionate mechanism to address material technology oversubscription, improve network planning certainty, and reduce the risk of unnecessary network investment, while recognising the limits of viability assessment.</p> <p>NPg supports the intent of CMP470 and considers that the proposed Oversubscribed Technologies Commitment Fee would positively contribute to the achievement of the Applicable Objectives for the following reasons:</p> <p>(i) Efficient discharge of licence obligations</p> <p>The proposal supports more efficient network planning and delivery by discouraging the retention of non-viable projects within the connections queue. By helping to reduce oversubscription, particularly where technologies exceed Clean Power 2030 targets, the modification reduces the risk that transmission and distribution licensees progress unnecessary or speculative network works. This supports the efficient discharge of licence obligations by aligning network build more closely with projects that are genuinely likely to proceed.</p> <p>(ii) Facilitating effective competition</p> <p>NPg agrees that the current baseline provides insufficient incentive for less viable projects to exit the queue, which can constrain progress for higher-quality, more economically viable schemes. The Original Proposal introduces a proportionate financial signal that promotes fairer competition between developers by encouraging capacity attrition where projects are</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			

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		<p>unlikely to progress, while supporting timely connection of the most viable projects. This is expected to improve outcomes for consumers by enabling a more cost-effective overall system.</p> <p>(iii) Compliance with Electricity Regulation and relevant decisions</p> <p>NPg does not consider that the proposal introduces any conflict with Regulation (EU) 2019/943 or other relevant legally binding decisions. The proposal is consistent with market-based principles and does not unduly discriminate between parties, instead applying objective criteria linked to demonstrable oversubscription.</p> <p>(iv) Promoting efficiency in implementation and administration of the CUSC</p> <p>By helping reduce prolonged and excessive oversubscription, the proposal is expected to improve the efficiency of CUSC administration and associated connection processes. A more manageable and realistic connections queue should reduce repeated redesign, re-forecasting and delay, benefiting NESO, Transmission Owners and Distribution Network Operators alike.</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>NPg considers that the proposed implementation approach for CMP470 is largely appropriate and proportionate in addressing the issue of technology oversubscription, while supporting the objectives of Connections Reform and Clean Power 2030.</p> <p>The proposed approach to activation, review and de-activation of the Oversubscribed Technologies</p>

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	<p>Commitment Fee (OTCF), including the use of defined tolerance thresholds and bi-annual reassessment aligned with securities statements, provides a clear and transparent framework for participants. This supports predictability for developers while enabling NESO to respond dynamically to changes in market conditions and capacity targets.</p> <p>NPg particularly supports:</p> <ul style="list-style-type: none"> • The use of objective triggers linked to demonstrated oversubscription relative to published capacity targets. • The phased and review-based ramping of the securities floor, which reduces the risk of over-correction or unintended market distortion. • The alignment of implementation with existing CUSC cancellation charge and securities processes, which should support efficient administration and minimise complexity for system operators and network companies. <p>From a network planning perspective, the proposed implementation approach should help reduce prolonged uncertainty by encouraging earlier exit of non-viable projects. This in turn reduces the risk of unnecessary or inefficient network works progressing, supporting more timely and proportionate investment decisions across both transmission and distribution networks.</p> <p>While NPg supports the proposed national-level implementation as an appropriate starting point, we</p>
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		<p>consider it important that NESO continues to actively monitor the geographic distribution of oversubscribed technologies.</p> <ul style="list-style-type: none"> Where oversubscription is relatively evenly distributed across Great Britain, a national application remains appropriate and efficient. However, where evidence demonstrates that oversubscription is heavily concentrated within specific licence areas, while other areas remain capacity-constrained or under-subscribed, NPg believes there may be merit in exploring whether a more regionally-sensitive application could better target system impacts and avoid unintended localised distortions. <p>Any future refinement in this area should remain aligned with the principles of transparency, non-discrimination and proportionality.</p>
3	Do you have any other comments?	No Comments.
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>Northern Powergrid does not propose an alternative request for the Workgroup to consider. NPg supports progression of the Original Proposal, subject to the clarifications and refinements raised in our responses to this consultation. In our view, the Original Proposal provides the most effective and proportionate framework for addressing material technology</p>

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		<p>oversubscription and supporting efficient network planning and delivery.</p> <p>While NPg has identified areas where further clarification or minor refinement would be beneficial particularly around drafting clarity, fund treatment, and operational transparency we do not consider that these issues necessitate a formal alternative solution.</p>
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?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>NPg agrees that CMP470 does not introduce any changes that materially affect the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code.</p> <p>The proposed modification relates specifically to connection queue management, cancellation charges and securities arrangements for oversubscribed technologies. It does not alter:</p> <ul style="list-style-type: none"> • Balancing responsibilities or roles • Market participation rules • Dispatch, operational balancing arrangements, or settlement processes • Rights or obligations associated with access to balancing markets <p>As such, the modification does not impact the frameworks governed by EBR Article 18, nor does it introduce any inconsistency with those requirements. NPg therefore supports the Workgroup's conclusion</p>

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		that no EBR Article 18 implications arise from the proposal.
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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
		<p>NPg agrees with the Workgroup's assessment that technology oversubscription, particularly for certain protected technologies such as Battery Energy Storage Systems, creates a number of material challenges for the electricity system, network planning and consumers. We agree that the current level of queued capacity relative to Clean Power 2030 targets has resulted in materially more projects holding Gate 2 positions than are either required to meet policy objectives or are likely to be economically deliverable in practice. This undermines the original intent of Connections Reform, which was to provide confidence around which projects are "ready and needed".</p> <p>NPg also concurs with the Workgroup's view that oversubscription reduces certainty for effective network planning and delivery. Where NESO and network companies are required to plan and design infrastructure against an inflated volume of potential connections, this can lead either to over-design of network assets or to reliance on assumptions of future attrition, both of which reduce planning efficiency and</p>

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	<p>increase the risk of delay. In either case, oversubscription weakens the ability of network companies to progress works in a timely and proportionate manner.</p> <p>We further agree with the Workgroup's identification of queue blockage effects, whereby viable and economically attractive projects may be delayed behind less deliverable schemes that face limited financial incentive to exit the connections queue under the current baseline. This dilutes the intended investor confidence benefits of Gate 2 offers and can delay progress towards decarbonisation and Clean Power 2030 outcomes.</p> <p>NPg also agrees that the protections introduced under Connections Reform, such as those linked to planning consent, were not intended to enable non-viable projects to retain queue positions indefinitely once overall volumes materially exceed system and policy requirements. In the absence of an effective mechanism to manage this situation, oversubscription risks recreating many of the inefficiencies that Connections Reform sought to address.</p> <p>While NPg agrees with the Workgroup's overall articulation of the issues, we consider it important that ongoing assessment continues to take account of the geographic distribution of oversubscribed technologies. Oversubscription may not translate uniformly into system or network impacts where certain technologies are highly concentrated in specific licence areas while remaining scarce in others. NPg therefore supports the Workgroup's systemic framing of the issue, while noting that further</p>
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		evidence-led consideration of regional impacts may be beneficial as solutions are taken forward.
<input checked="" type="checkbox"/>	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>NPg does not currently hold empirical data that would enable a definitive assessment of what proportion of Gate 2 projects are unlikely to progress to construction and energisation. Consistent with NESO's position, our visibility relates primarily to project readiness and customer behaviour rather than commercial viability outcomes. That said, NPg can evidence clear gradations in project readiness which may serve as useful proxy indicators for deliverability. For example, schemes that have secured land rights are generally more progressed than those that have not; schemes with a submitted planning application are typically more advanced than those with land rights alone; and schemes that have achieved planning consent would ordinarily be considered further progressed than either of the above. In addition, NPg can evidence variations in customer commitment through differing levels of financial securities and upfront payments, which may indicate differing levels of confidence in project progression.</p> <p>Alongside these indicators, NPg has observed an increase in customer engagement, particularly from battery storage developers which, while anecdotal in nature, provides insight into emerging market dynamics. A number of customers have indicated that where connection dates are into the early-to-mid</p>

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		<p>2030s, following Transmission Owner engineering assessments, the commercial attractiveness of their schemes is materially reduced. Customers have suggested that later connection dates, when combined with anticipated market saturation for certain technologies, may challenge investment approval and financing decisions, even where projects remain in the queue. While this feedback does not constitute formal evidence of non-progression, it does suggest that a portion of queued capacity may be increasingly sensitive to delays and market conditions.</p> <p>Taken together, NPg considers that this qualitative evidence supports the Workgroup's broader conclusion that there is a wide variation in deliverability across the Gate 2 queue, and that current arrangements do not readily distinguish between projects with differing likelihoods of progression. NPg therefore agrees that, in the absence of definitive viability data, there is value in proportionate mechanisms that provide clearer signals and incentives to support more effective queue management.</p>
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>NPg agrees with the Workgroup's view that technical viability and economic viability are distinct considerations, and that both play an important role in understanding project progression within the Gate 2 queue. From a technical perspective, NPg recognises that many projects may be capable of being connected in network terms, in that they meet</p>

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	<p>minimum readiness requirements and can be accommodated through viable design solutions. However, technical feasibility alone does not determine whether a project will ultimately proceed to construction and energisation.</p> <p>NPg also supports the Workgroup’s recognition that economic viability is more difficult for NESO, Transmission Owners and Distribution Network Operators to assess, as it is influenced by commercial factors that sit largely outside the visibility of network companies. These factors may include access to finance, expected market revenues, technology-specific price impacts, and the effect of extended connection timelines on investment decisions. As a result, projects may continue to satisfy technical and contractual requirements while experiencing changes in their underlying economic position over time.</p> <p>In this context, NPg has observed instances where projects have requested delays to their connection timelines due to challenges in securing funding. In some cases, these challenges appear to be influenced by wider market conditions, including increased deployment of certain technologies and the resulting impact on achievable revenues per MW. While this information is not determinative and remains qualitative in nature, it may help explain why some projects within the Gate 2 queue do not progress as originally anticipated, despite remaining technically viable.</p> <p>NPg considers the Workgroup’s acknowledgement of these dynamics to be appropriate, particularly in</p>
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		<p>relation to oversubscribed technologies where market saturation and longer connection dates may exacerbate economic uncertainty. Our experience suggests that as connection dates extend further into the future, projects may become more sensitive to market and financing conditions, even where technical solutions are available.</p> <p>Overall, NPg agrees with the Workgroup's understanding that the current framework cannot readily distinguish between projects with differing economic prospects based on technical criteria alone. In light of this, NPg supports the Workgroup's recognition that proportionate signals or mechanisms may assist in improving queue management outcomes, while remaining neutral to individual commercial decisions taken by developers.</p>
9	Do you agree with the proposed activation threshold of 50% oversubscription and deactivation threshold of 25% oversubscription?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>NPg considers that the proposed activation threshold of 50% oversubscription is appropriate as a means of ensuring that the Oversubscribed Technologies Commitment Fee is only triggered where there is clear and material oversubscription relative to policy targets. This threshold helps to distinguish situations where limited market-led attrition may be sufficient from those where intervention is more clearly justified. NPg agrees that a higher activation threshold reduces the risk of prematurely applying additional financial</p>

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	<p>requirements in circumstances where oversubscription is modest or temporary.</p> <p>We also consider the proposed deactivation threshold of 25% oversubscription to be sensible and supportive of stability. The use of a lower deactivation threshold relative to activation introduces a deliberate deadband, which helps reduce the risk of the OTCF repeatedly switching on and off in response to relatively small fluctuations in queued capacity or target volumes. NPg agrees with the Workgroup that such volatility could undermine confidence and create unnecessary complexity for both developers and network companies.</p> <p>In relation to impacts on smaller developers, NPg considers that the chosen thresholds help mitigate disproportionate effects. Smaller developers may be more sensitive to additional securities requirements, particularly at earlier stages of development. A lower activation threshold could therefore risk exposing smaller parties to financial obligations in situations where oversubscription is not yet sufficiently severe to warrant intervention. By setting the activation point at 50%, the proposal reduces the likelihood that smaller developers are impacted solely due to marginal or short-term oversubscription, while still ensuring that significant and persistent oversupply is addressed.</p> <p>NPg also has concerns that lowering the activation threshold could increase the risk of over-correction. Introducing the OTCF at lower levels of oversubscription could encourage excessive or accelerated attrition, potentially reducing queued capacity below what is required to meet future system</p>
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		<p>needs. This could create new risks for network planning and delivery, particularly given uncertainties around future demand, policy changes and technology deployment rates. The proposed thresholds therefore strike an appropriate balance between addressing excess capacity and maintaining resilience within the connections pipeline.</p> <p>Overall, NPg supports the proposed activation and deactivation thresholds as a pragmatic and proportionate design choice. NPg considers that these thresholds appropriately balance the need to address material oversubscription against the risks of over-correction, unnecessary market distortion, and disproportionate impact on smaller developers.</p>
10	Do you think the OTCF should apply based on national or regional oversubscription?	<p><input type="checkbox"/> Regional</p> <p><input checked="" type="checkbox"/> National</p> <p>NPg considers that applying the Oversubscribed Technologies Commitment Fee on a national basis is appropriate where evidence demonstrates that oversubscription for a particular technology is reasonably evenly spread across Great Britain. In such circumstances, a national approach supports simplicity, transparency and consistency, reduces administrative complexity, and aligns with the national nature of Clean Power 2030 targets and the protections introduced under Connections Reform.</p> <p>However, NPg considers it important that the geographic distribution of oversubscribed technologies continues to be monitored closely.</p>

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		<p>Where evidence emerges that oversubscription is heavily concentrated in specific regions or licence areas, while other areas remain comparatively under-subscribed or constrained, a purely national application of the OTCF may not fully reflect the underlying system or network impacts. In these situations, NPg believes it would be appropriate for NESO and industry to explore whether a more regionally informed approach could better target the intended outcomes of the modification, while remaining consistent with principles of fairness, proportionality and non-discrimination.</p> <p>NPg therefore supports a national-level application in the first instance, alongside a commitment to ongoing review. Should material regional concentration become evident for specific technologies, NPg considers that further assessment of regional application or adjustments would be a reasonable next step to ensure the OTCF continues to operate effectively and efficiently.</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 checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>NPg agrees with the principle that the Oversubscribed Technologies Commitment Fee should apply from the earliest point at which a project holds a firm and influential position in the connections queue and continue until energisation. We therefore support the proposed approach whereby the OTCF applies from whichever occurs sooner: the implementation date of the modification or the execution of a Gate 2</p>

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		<p>Connection Agreement and remains in force up to the point of energisation.</p> <p>In practice, this means that for projects which have already signed, or sign, a Gate 2 contract before the implementation date, the OTCF would apply from implementation. Conversely, for projects that sign a Gate 2 contract after implementation, the OTCF would apply from the date of contract signature. NPg considers this approach to be logical and proportionate, as it avoids retrospective application while ensuring that projects are subject to the OTCF as soon as they are in a position to materially influence network planning and delivery.</p> <p>NPg also agrees that continuing application of the OTCF until energisation is appropriate, as this avoids the risk of incentive dilution or behavioural gaming around interim milestones and maintains alignment between queue position, financial commitment and delivery intent throughout the project lifecycle.</p> <p>Overall, NPg considers this timing structure to provide clarity to developers while supporting effective queue management and efficient network investment.</p>
12	Do you agree with the proposal to apply the OTCF as a securities floor?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>NPg considers that applying the Oversubscribed Technologies Commitment Fee (OTCF) as a securities floor is an appropriate and proportionate design choice. Using the OTCF as a floor, rather than as an additional fixed charge applied uniformly to all</p>

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	<p>projects, helps ensure that the mechanism is targeted and avoids placing unnecessary or duplicative burdens on projects that already face higher cancellation charges and securities requirements under the existing framework.</p> <p>NPg supports this approach because it ensures that all projects within an oversubscribed technology are required to demonstrate a minimum level of financial commitment in order to retain their position in the queue, while not disproportionately impacting projects that already have significant exposure through attributable or wider cancellation liabilities. This is consistent with the objective of incentivising queue discipline without discouraging genuinely deliverable projects that are already making substantial commitments. NPg considers that fairness is best achieved through proportionate and predictable financial exposure rather than attempting to differentiate projects based on subjective assessments of viability.</p> <p>Applying the OTCF as a securities floor also supports fairness across different project sizes and delivery models. Smaller or less complex projects with otherwise low cancellation charges would be required to post an appropriate level of security where oversubscription is material, while larger or more advanced projects would not face an unnecessary increase if their existing securities already exceed the floor. NPg considers this to be a more proportionate and discriminating approach than a uniform additive fee.</p>
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		<p>From a network planning and operational perspective, NPg agrees that a securities floor provides a clearer signal of developer commitment and helps reduce the risk of speculative projects retaining queue positions at little or no cost. This supports more efficient queue management and helps reduce the likelihood of unnecessary or premature network works being progressed to accommodate projects that are unlikely to proceed.</p>
13	Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Northern Powergrid considers that the proposed initial securities floor of £10k/MW, with the potential to increase by £5k/MW up to a maximum of £25k/MW, provides a proportionate and balanced financial signal. The starting level is sufficient to encourage queue discipline without creating an excessive barrier to entry, while the capped and incremental increases help mitigate the risk of over-correction or disproportionate impact on developers. We also support the bi-annual re-evaluation of the OTCF level, as this allows the mechanism to remain responsive to changes in oversubscription and capacity targets, and to be disapplied where it is no longer justified. NPg supports ongoing monitoring of the impacts of the OTCF, including on smaller developers and project progression rates, to ensure the mechanism continues to operate proportionately over time.</p>
14		<input checked="" type="checkbox"/> Yes

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	Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed technology with another technology?	<p><input type="checkbox"/> No</p> <p>Northern Powergrid considers it appropriate that projects which co-locate an oversubscribed technology with another technology are treated consistently with standalone projects using that oversubscribed technology. Applying the OTCF to hybrid or co-located schemes supports fairness, avoids unintended differential treatment, and ensures a consistent approach to queue management across all project configurations. From a network planning perspective, co-located projects can still contribute to the same oversubscription and uncertainty as single-technology projects, and should therefore be subject to the same signals and incentives.</p> <p>NPg notes, however, that further clarity may be helpful in relation to the proposal that the OTCF would not apply where the oversubscribed technology is due to connect after the other technology within a co-located scheme. NPg's initial view is that this distinction is not immediately intuitive from a system or queue-management perspective, and there may be a risk of unnecessary complexity or inconsistent treatment between otherwise similar projects. We would welcome further explanation or clarification from NESO as to how this approach aligns with the underlying objectives of fairness, proportionality and effective management of oversubscribed capacity.</p>
15		<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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	Do you agree that the OTCF should apply as well as the PCF?	<p>Northern Powergrid considers that the OTCF and the PCF are designed to address different and distinct issues within the connections process and are therefore complementary rather than duplicative. The PCF is intended to encourage early-stage projects to progress or exit where appropriate, whereas the OTCF specifically addresses the issue of technology-wide oversubscription once projects have reached and committed at Gate 2. Applying both mechanisms reflects the different risks they are designed to manage and supports more effective queue discipline across all stages of project development.</p> <p>NPg therefore supports the continued application of both the PCF and the OTCF, as together they provide a more holistic and proportionate framework for managing non-progressing projects and addressing material oversubscription within the connections queue.</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>Northern Powergrid agrees that any OTCF funds associated with projects that do not ultimately energise should be returned to consumers via TNUoS. Socialising these costs would help ensure that consumers benefit from capacity that has been released back to the system and avoid undue financial disadvantage arising from projects that do not progress</p>

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17	Do you agree that NESO should have the option not to implement the OTCF if the activation threshold is breached?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Northern Powergrid agrees that NESO may require limited discretion not to implement the OTCF where the activation threshold is breached, provided such discretion is exercised against clearly defined criteria, is transparently documented, and does not undermine the predictability or effectiveness of the OTCF framework.</p> <p>However, NPg considers that the drafting of Parameter 8 (page 23) is ambiguous and could be interpreted as describing two different outcomes for the same circumstance. The first paragraph states that where a cancellation charge is levied, the OTCF would be returned to consumers via TNUoS. The following paragraph then states that the OTCF would be treated as revenue by NESO if a cancellation charge is paid. As written, this creates uncertainty as both paragraphs appear to refer to the same trigger event (payment of a cancellation charge) but suggest different treatments of the OTCF.</p> <p>NPg's interpretation is that this is intended to describe two stages of the same process: namely, that OTCF funds are initially received and accounted for by NESO, but are then ultimately returned to consumers through the TNUoS charging methodology, consistent with PCF arrangements. However, we consider that this distinction is not sufficiently clear in the current</p>

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		<p>drafting and could reasonably be read as implying that NESO may retain OTCF funds as net revenue in some circumstances.</p> <p>Given the importance of transparency, consistency with PCF treatment, and clarity for stakeholders, NPg would welcome clarification in the Final Modification Report and legal text to explicitly confirm that OTCF funds associated with projects that do not energise are not retained by NESO on a lasting basis and are passed through to consumers via TNUoS. Clarifying this point would reduce the risk of misinterpretation and strengthen stakeholder confidence in the proposed arrangements.</p>
18	Do you agree with the proposed Alternative Request 1 solution?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Northern Powergrid understands that Alternative Request 1 proposes delaying implementation of the OTCF to March 2028, or to one year following acceptance of a Gate 2 offer, with the intention of allowing natural queue attrition to occur following the issuance of Gate 2 Offers and providing additional time for flexible connection assessments to be undertaken.</p> <p>While NPg recognises the intent behind this alternative, we do not consider that delaying the implementation of the OTCF would sufficiently address the core issue of material technology oversubscription. In NPg's view, deferring the point at which a meaningful financial signal is applied risks allowing</p>

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		<p>oversubscribed projects to continue occupying queue positions for an extended period with limited incentive to progress or exit. This would reduce the effectiveness of CMP470 in driving timely rationalisation of the queue.</p> <p>NPg is particularly concerned that Alternative Request 1 would prolong uncertainty for network planning and delivery. During the proposed delay period, NESO, Transmission Owners and Distribution Network Operators would continue to be required to plan and design around a volume of projects that is unlikely to connect in full, increasing the risk that unnecessary or inefficient network works are progressed. This undermines one of the fundamental objectives of the modification, namely to avoid planning and building network infrastructure for schemes that are ultimately not required, with associated cost and delivery impacts for consumers.</p> <p>Furthermore, NPg considers that reliance on natural attrition alone has already proven insufficient in the context of oversubscribed technologies, particularly where projects face low holding costs once protected. Delaying the OTCF weakens the incentive mechanism at the point it is most needed—immediately following Gate 2—when clarity over which projects are genuinely committed is critical to restoring confidence in network design assumptions.</p>
19	Do you agree with the proposed Alternative Request 2 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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	<p>Northern Powergrid does not consider that Alternative Request 2 would be effective in addressing the issue of material technology oversubscription. As we understand it, this alternative proposes a single fixed one-off security of £1.5k/MW payable nine months following acceptance of a Gate 2 offer, applicable to all Gate 2 BESS projects regardless of the level of oversubscription, and refundable on energisation.</p> <p>While NPg recognises the intent to simplify the framework and reduce administrative burden, we do not consider that the proposed security level or structure provides a sufficiently strong or targeted incentive for projects within an oversubscribed technology to exit the queue where they are unlikely to progress. A fixed, relatively low, one-off payment risks being treated as a cost of holding a queue position rather than a meaningful commitment signal, particularly in the context of highly oversubscribed technologies such as BESS.</p> <p>NPg is also concerned that applying the charge uniformly to all Gate 2 BESS projects, irrespective of whether oversubscription thresholds have been exceeded, weakens the proportionality and targeting of the mechanism. This could result in projects being exposed to additional charges even where oversubscription is not the binding issue, while still failing to materially reduce queue volumes where oversubscription is most acute.</p> <p>In addition, the fact that the proposed payment is fully refundable on energisation further limits its effectiveness as a queue-management tool. NPg considers that a fully refundable, one-off security</p>
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Public

		<p>provides a weaker behavioural signal than a mechanism which maintains an ongoing commitment requirement up to energisation, particularly where connection dates are long-dated and projects can remain in the queue for extended periods with limited financial exposure.</p> <p>Overall, Northern Powergrid does not believe that Alternative Request 2 would sufficiently incentivise customers to leave the queue where a technology is materially oversubscribed, nor would it adequately support earlier identification of projects that are genuinely committed to progressing. As such, NPg does not support Alternative Request 2 and considers that the Original Proposal, with a scalable securities-based approach linked to demonstrable levels of oversubscription, is better aligned with the objectives of CMP470 and efficient network planning.</p>
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