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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:	Jingling Sun	
Company name:	IB VOGT	
Email address:	UKgrid@ibvogt.com	
Phone number:	+447742800984	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

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I wish my response to be:

(Please mark the relevant box)

☒ **Non-Confidential** (this will be shared with industry and the Panel for further consideration)

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Panel or the industry for further consideration)

For reference the Applicable CUSC (Connection charging) Objectives are:

Means the Use of System Charging Objectives, as if references therein to the Use of System Charging Methodology were to the Connection Charging Methodology and in addition, the objective (where consistent with the other objectives) of facilitating competition in the carrying out of works for connection to the National Electricity Transmission System.

For reference the Applicable CUSC (non-charging) Objectives are:

- i. *The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;*
- ii. *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- iii. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and*
- iv. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

* See Electricity System Operator Licence

**The Electricity Regulation referred to in objective (iii) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the

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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;*
- 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.*

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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 versus the current baseline?	<div>Mark the Objectives which you believe each solution better facilitates than the current baseline:</div> <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> <div>Click or tap here to enter text.</div>	Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None			
2	Do you support the proposed implementation approach?	<div> <input type="checkbox"/>Yes <input checked="" type="checkbox"/>No </div> <div>No, we do not support the proposed implementation approach. It represents a</div>		

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	<p>disproportionate intervention that targets the symptoms of BESS Gate 2 oversubscription rather than its underlying causes.</p> <p>The OTCF acts as a blunt financial filter that does not distinguish between speculative and genuinely viable projects. This risks forcing out credible schemes—particularly from smaller and medium-sized developers—based on balance sheet strength rather than project quality, while favouring larger, well-capitalised participants and reducing competition.</p> <p>The proposal also relies on uncertain forward-looking market assumptions, meaning projects could be excluded prematurely despite potential future viability under different conditions.</p> <p>Furthermore, existing mechanisms—such as milestone requirements, cancellation charges, and the User Commitments Methodology—already provide proportionate and targeted incentives to manage queue discipline. The OTCF duplicates these without clear evidence of additional benefit.</p> <p>In addition, the proposal introduces regulatory uncertainty, as NESO may need to frequently adjust thresholds and requirements. This creates an unstable framework for developers who have progressed projects based on</p>
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		<p>previously established rules, and is therefore unfair to existing market participants.</p> <p>Overall, while it may reduce queue volumes, it does not necessarily improve project deliverability and risks distorting the market while failing to address the structural drivers of oversubscription.</p>
3	Do you have any other comments?	<p>Click or tap here to enter text.</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>Click or tap here to enter text.</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 type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>No, we do not agree. While the modification is primarily financial, it could indirectly impact market participation, project viability, and competition within the connections queue. These factors may influence balancing market dynamics and access, meaning potential interactions with Electricity Balancing Regulation Article 18 terms and conditions might get impacted.</p>

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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>We agree with the Workgroup's understanding of the issues created by oversubscription, including impacts on network planning, costs, and connection delays. However, we do not agree with the proposed approach. The existing User Commitment Methodology already provides sufficient financial safeguards, requiring projects to cover current and near-term TO expenditure, and should be allowed to manage BESS oversubscription without additional measures.</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 do not have evidence to quantify what proportion of Gate 2 projects are unviable/uninvestable. However, historic progression rates—where a significant minority of Gate 2 projects stall, are materially revised, or are withdrawn before delivery—and post-CMP435 Gate 2 attrition, where projects decline</p>

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		the Gate 2 offer due to financial non-viability, planning constraints, technical limitations, or changes in market conditions, provide useful starting points for estimation.
8	Do you have any comments on the Workgroups understanding of technical and economic viability of projects?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The robustness of the market model underpinning the 15–30GW estimate is unclear and should be independently validated. Existing User Commitments Methodology may already provide a proportionate mechanism for cost allocation, potentially reducing the need for additional intervention based on uncertain forecasts.</p>
9	Do you agree with the proposed activation threshold of 50% oversubscription and deactivation threshold of 25% oversubscription?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>No. The proposed 50% activation and 25% deactivation thresholds are not considered appropriate. They risk imposing significant additional financial burdens on smaller and medium-sized BESS developers, disproportionately affecting their ability to progress viable projects. This could force out viable schemes and favour larger developers with stronger balance sheets, reducing</p>

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		competition without necessarily addressing oversubscription efficiently.
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		No. We oppose the OTCF as a disproportionate measure that fails to address root causes of BESS Gate 2 oversubscription. It risks excluding viable projects, particularly from smaller developers, distorting competition, duplicating existing mechanisms, and creating regulatory uncertainty through changing rules, undermining fairness and investor confidence for existing market participants.
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, for the same reasons set out in our response to Question 10.
12	Do you agree with the proposal to apply the OTCF as a securities floor?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		No. We do not agree with applying the OTCF as a securities floor. The existing security structure

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		is already sufficient to address the issues identified, and introducing an additional floor risks unnecessary complexity and disproportionate financial burden without clear incremental benefit.
13	Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>No. For the same reasons set out in our response to Question 10, we do not support the overall implementation of OTCF. We therefore do not agree with the proposed level, including any minimum or maximum thresholds over time. Also, it is also unclear from the consultation what the rationale is for the proposed level of the OTCF and how it has been determined.</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>No. For the same reasons set out in our response to Question 10, we do not support the implementation of OTCF in any form.</p>
15	Do you agree that the OTCF should apply as well as the PCF?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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		No. For the same reasons set out in our response above, we do not support the implementation of OTCF.
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No No. For the same reasons set out in our response above, we do not support the implementation of OTCF.
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, NESO should have the option not to implement OTCF to ensure flexibility and avoid automatic measures that may be disproportionate, particularly given the potential impacts on smaller and medium-sized developers and the uncertainty in underlying viability signals.
18	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No We do not support the overall concept of the OTCF in the context of BESS Gate 2 oversubscription. It is an unnecessary and

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		disproportionate intervention, given that existing connection and security frameworks already manage queue discipline. It risks unfairly penalising viable BESS projects, particularly those led by smaller and medium-sized developers.
19	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We do not agree with the overall concept of the OTCF in relation to BESS Gate 2 oversubscription. We consider it an unnecessary and disproportionate intervention, as existing connection and security arrangements already manage queue discipline. It risks penalising viable BESS projects, particularly smaller and medium developers.</p>