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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:	Claire Hynes	
Company name:	RWE Renewables UK (Swindon) Ltd	
Email address:	Claire.hynes@rwe.com	
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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

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
		Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None	
<p>No, we do not believe that this proposal best meets the CUSC objectives for the following reasons:</p> <p>CUSC Objective 1: Neutral, no impact.</p> <p>CUSC Objective 2: Negative: The Competition Act 1998 in the UK prohibits agreements or conduct that prevent, restrict, or distort competition, focusing on maintaining fair market rivalry to benefit consumers. We consider this proposal creates a barrier to entry to the U.K. energy generation market for smaller developers who are less well-capitalised and does not reflect the viability of a project. This proposal is therefore likely to distort competition if implemented. However, we do consider there will be a cost to the consumer if unneeded projects remain in the connection queue. We therefore encourage other interventions to be made by the government to address this in the round as industry is unable to do so when the connection methodologies and the CUSC legal text sit under different governance frameworks. The design of this code modification does not meet CUSC objective 2.</p> <p><i>CUSC Objective 3:</i> Neutral, no impact.</p> <p><i>CUSC Objective 4:</i> Negative. RWE does not consider that this proposal will have the intended impact of removing viable projects</p>				

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		from the connection queue but will instead introduce increased CUSC administration requirements on parties to the code, reducing efficiency in the implementation and administration of the CUSC.
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Yes, we agree with the proposed implementation approach.
3	Do you have any other comments?	<p>There are other markets where increased security payments at connection application have not resulted in projects leaving the connection queue. Projects simply put in place the relevant credit note with the bank. We are therefore not convinced that this mod will have its intended impact.</p> <p>A battery queue intervention is required by the government taking in to consideration factors such as most progressed projects which could be projects with a capacity market agreement (24GW) and those that are in the process of being built. Network operators mentioned that a core issue is the number of substations bays available and co-located projects (~16 GW) using the same substation bay are a more efficient use of the network and could be prioritised on this basis.</p> <p>We further note that due to the connection methodologies and the CUSC legal text being under</p>

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		<p>separate governance frameworks, it is impeding the industries abilities to consider all aspects of the issue raised and provide a holistic solution.</p> <p>We have further concerns that there is a lack of clarity in the design intentions as regards the operation of the OTCF as a floor to <i>securities</i>, and how this interacts with the actual Cancellation Charge (liability). There appears to be a bizarre outcome that while cancellation liability may already be on an upward trajectory, as a project passes trigger date and secures consent, the security drops to set percentages of the liability. So while there is no change to liabilities, this change in the security level could result in the OTCF being triggered and also therefore increase liabilities. This is a very illogical relationship. Framing of this mod is that the security should have a floor, but the design also implies an increasing liability. RWE considers that it should rather be the liability that should be floored. It is not well exemplified where a project with existing Cancellation Charge above the level of the OTCF, but securities below.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section of CMP470)</p> <p><input type="checkbox"/> No</p> <p>RWE would support a co-located technology alternate. Hybrid projects with 50MW TEC for solar and 50MW for the battery are not using a total TEC 100MW but 50MW. Therefore, we query why the OTCF is being applied as a cancellation charge for the battery when the total TEC will be utilised by building</p>

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		<p>out the solar project anyway. Furthermore, if the core issue for network operators is the number of substation bays then co-located technologies using the same substation bays makes the most efficient use of the network and should not be penalised.</p> <p>RWE would also promote that projects with an existing contract in relation to security of supply – eg. stability or Capacity Market, should be exempt due to the potential unintended consequences on security of supply and realisation of projects which are already contracted for such purposes.</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>RWE has not identified a direct impact on the EBR from this code modification but notes the unintended consequences above.</p>

Specific Workgroup Consultation questions

6	Do you agree with the workgroup's understanding of the issues which oversubscription creates?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Yes, we agree with the work groups understanding of oversubscription. We also agree with work group comments that the appetite for applying a oversubscription fee to projects due to connect in 2035 is significantly different than to projects</p>
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		connecting in the next 5 yrs which are already subject to connection queue milestones.
7	Do you have evidence which may support the Workgroup in understanding what proportion of projects in the Gate 2 queue are unviable?	<p><input type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <p>This question is too binary. NESO has not published its final project specific Gate 2 offer queue and the list of projects that has accepted or rejected their connection offers will be realised over the next year. Therefore, there is no single source of truth on which to determine the connection queue let alone the data on whether a project is viable or not. However, it should not prevent more nuanced solutions being bought forward based on data sets available. The current proposal is a very crude solution to resolve this issue.</p> <p>RWE has a preference for quicker policy intervention, with a reordering and re-prioritization of the battery queue to focus on the most progressed projects:</p> <ul style="list-style-type: none"> - Batteries with Capacity Market contracts (~24 GW)(solar media) <ul style="list-style-type: none"> o Proven, bankable progressed projects that have cleared the Capacity Market and support security of supply (e.g. Pembroke Battery). <p>Capacity market register is publicly available.</p>

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		<ul style="list-style-type: none"> - Hybrid/co-located projects using shared infrastructure <ul style="list-style-type: none"> ○ Share substation bays with other technologies, avoiding the need for extra substations. Network operators have advised that the number of substation bays required is the significant hurdle introduced by battery oversubscription. ○ From an 83.685 GW BESS planning-approved pipeline (Solar Media), 16.6 GW is co-located; 15 GW of this co-located capacity currently has no Capacity Market agreement but still delivers clear network-efficiency benefits. - Co-located projects already under construction (~1.663 GW) <ul style="list-style-type: none"> ○ Largely holding Capacity Market agreements, these schemes are near-certain to deliver, and delays would strand sunk investment.
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
		RWE agrees with exploration of technical and economic viability, and agrees that there is much nuance here, and that a financial instrument is

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		therefore unlikely to ensure that only the best projects remain in the queue.
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>Yes, we agree with the activation threshold of 50%. There was a 66% attrition rate recorded in the '<i>first come, first served</i>' connection process and the 50 % application is in line with the percentage implemented by NESO and the network operators under the five point plan. We do believe that 25% is too low for deactivation, and would set this rather between 130% - 140%. A deadband to avoid switching on and off is clearly needed, however 25% seems unnecessarily large.</p> <p>Whilst barriers to entry to the connection process have increased, we would be keen to ensure that there is space in the national technology pots for attrition, should it be necessary. The design of this mods solution should not seek to inhibit future attrition rate policy. Once there is '<i>first ready and needed, first connected</i>' connection process data on natural attrition then the oversubscription threshold could be revisited.</p>
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input type="checkbox"/> Yes <input type="checkbox"/> No <p>National, as we consider that this approach will be less complex to implement.</p>

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		There is a differentiation between national, regional and zonal and this consultation document does not set out the relative oversupply on the national, regional or zonal basis, to provide useful comment on their merits for the majority of respondents that may not have time to carry out this analysis. In the final report, we encourage the proposer to include clear data on relative oversupply across national, regional and zonal approach with the final solution.
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>RWE agrees that it is appropriate to apply the OTCF only after the Gate 2 Offers from the queue reorder have been accepted or rejected. This fits with the proposed timeline of the July 2027 security statement for October 2027 securities. Given the potential for future delays to connection offers being issued, it may be beneficial to attach this mod to Gate 2 offer acceptance or rejection as opposed to a single implementation date.</p>
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>Yes, we agree that the OTCF should take in to consideration the already existing burden of other securities that apply to a project.</p> <p>However we also believe it should be a floor with respect to the Cancellation Charge. If an OTCF floor results in increases the secured amount, it should</p>

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		<p>not mean that the Cancellation Charge also goes up by the same amount. Rather, if the Cancellation Charge is already above the OCTF, there should be no change to the project liabilities. Otherwise this relationship would be quite illogical.</p> <p>An alternative approach would be to redesign the existing post trigger, post consent, Secured Amount reductions.</p>
13	Do you agree with the level of the OCTF, including minimum and maximum levels if changing over time?	<p><input type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <p>The slow ramping of the OCTF, means that in many cases the project specific securities are higher than the OCTF, resulting in projects not being encouraged to leave the connection queue. Whilst we can comment on our specific experience, if network operators are supportive of this change then providing an average securities profile for BESS to the proposer may better help the level set. We do however note that the changes to the Cancellation Charge may act as a deterrent and suggest that this modification could be reframed in relation to the Cancellation Charge.</p> <p>However, where projects are structured in SPVs, and the Secured Amount is a small proportion of the Cancellation Charge, there may be a risk that the actual liability is not fully recovered should such an SPV be made insolvent. Therefore there may be merit in considering closer alignment between Secured Amount and Cancellation Charge.</p>
14		<input 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?	<input checked="" type="checkbox"/> No
		<p>Co-located projects do not use additional TEC to the other co-located technology and therefore we fail to understand why an oversubscription fee would apply to the 16GW of co-located batteries using the same substation bay as their other co-located technology. This simply comes down to the network operators and the proposer needing to better define the challenge that needs to be addressed as if it is the number of substation bays needed for the battery queue or even the oversubscribed capacity involved then co-located projects should be exempt.</p> <p>If network operators are defining the issue as network build constraints then the hybrid site does have a wider impact for example by requiring import, which has associated attributable wider works, then it would be right that additional securities would apply.</p> <p>Where hybrid sites are exempt from OCTF, it is also critical that they are not then double counted within the CP30 (or relevant strategic plan) technology allocation pot.</p>
15	Do you agree that the OTCF should apply as well as the PCF?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We agree that the CP30 connection queue of batteries is made up of predominantly batteries with agreed planning consent which will not have the PCF apply. However, this is a legal text change to an enduring document which will apply to any future</p>

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		oversubscribed technology pot. We therefore consider that the PCF and the OTCF should not apply at the same time to the cancellation charge. We are also interested in why the proposer has chosen to introduce £25K per MW upper band as opposed to the £10k per MW band used for the PCF under CMP448.
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 Not in all circumstances, clauses should be added to allow projects to exit the queue without paying the additional OTCF on the cancellation fee if they have done so through no fault of their own (force majeure, unsuccessful planning appeal etc). In these proven circumstances, a return of the security plus an agreed % per year on the capital, should be allowed.
17	Do you agree that NESO should have the option not to implement the OTCF if the activation threshold is breached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No, we consider that OFGEM should have the right to determine whether the OTCF should apply following the recommendation from NESO.
18	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The original proposal already provides an opportunity for projects to accept or reject their connection offers before the OTCF is applied to

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		the October 2027 security statements. Waiting for the SSEP top-up of battery capacity in Autumn 2027 will result in inefficient network design in the intervening time which will delay other projects from being deployed at the earliest connection date, taking extra substation bays and outage planning slots from those 'ready' projects. This does not reflect the intention of the queue reorder under CP30.
19	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>RWE does not consider that the £1.5k per MW would meet the intention of the change proposal to remove oversubscribed technologies from the connection queue.</p> <p>However conceptually, if set at a higher level, it might be more interesting, and much less complex to implement than the original proposal.</p>