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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>	Kimbrah Hions / Mark O'Connor	
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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 checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" 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?	Mark the Objectives which you believe each solution better facilitates than the current baseline:	
		Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		<p>Whilst we agree with the issue identified by the Proposer and the need for an instrument to address queue oversubscription, we disagree with several elements of the design of this solution.</p> <p>This modification is a response to the significant oversubscription of BESS projects in the connection queue, following the early stages of the G2tWQ exercise. All technologies have now been subjected</p>	

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	<p>to a stream of attempts to address oversized queues – TEC amnesty, queue management milestones, the G2tWQ exercise and the PCF. We would argue that taking a technology neutral approach to connection reform is leading to sub-optimal outcomes. Technologies with significantly different economic factors and development timelines/approaches cannot be treated identically if we are to effectively address the connections queue. The continued vast oversubscription of BESS projects in the queue is evidence of the pitfalls of the commitment to this approach to date.</p> <p>It is therefore our view that the vast oversubscription of BESS should be addressed in a targeted fashion, to ensure we finally address this issue effectively and do not block the significant deployment of BESS needed to facilitate our renewable generation ambitions.</p> <p>Our view in summary is as follows:</p> <ul style="list-style-type: none"> <li>• The OTCF should <b>target batteries only</b></li> </ul> <p>The NESOs current intent (as outlined in their recent connection methodologies consultation) to target a financial instrument at battery projects only, is more appropriate and focussed on the issue at hand. We do not see the value in extending this more widely and introducing additional risk across other technologies not significantly impacted by oversubscription through the G2tWQ exercise.</p> <p>A targeted OTCF means that the level of securities can be set at an ambitious level, most suited to the BESS industry. A level that will balance driving unviable projects to exit the queue promptly, whilst</p>
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	<p>also not stifling the development and progression of viable projects.</p> <ul style="list-style-type: none"> <li>• <b>Applied to the whole battery queue</b>, not just batteries above the CP30 cap</li> </ul> <p>In order to most effectively and fairly target the unviable projects for removal, the financial instrument should apply to the whole battery queue both within and above the CP30 permitted capacity. Applying this instrument to only projects above the cap assumes that every project within the cap is a good and viable project, which is not necessarily the case.</p> <ul style="list-style-type: none"> <li>• <b>Deployed quickly</b> and at a targeted level</li> </ul> <p>The financial instrument should be deployed as early as possible so that it can begin to take effect before the full conclusion of the G2tWQ exercise, to minimise the impact on subsequent application windows. The OTCF should also be set at a targeted level at the offset, designed to address the issue of battery oversubscription in a timely manner, rather than profiled.</p> <ul style="list-style-type: none"> <li>• <b>1-month exit window</b></li> </ul> <p>The process should include a 1-month exit window from the OTCF being triggered, providing projects the opportunity to leave the queue without incurring the financial penalty. This will ensure that undue financial burdens are not triggered without benefit and should incentive timely outcomes. We believe</p>
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		this can overlap with the Gate 2 offer process NESO are currently undertaking. Waiting until after all Gate 2 offers have been made is likely to be too late and cause later disruption.
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <p>As outlined above, we do not agree with the application of the OTCF to all technologies. In particular, we are concerned about the undue risk this will place on long-lead time offshore wind and nuclear projects with much more challenging governance and risk management.</p> <p>It is also crucial that any financial instrument is deployed quickly to avoid negative impact on future windows.</p>
3	Do you have any other comments?	No further comments.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section of <a href="#">CMP470</a> ) <input type="checkbox"/> No  <p>The OTCF is applied to BESS ONLY and <b>excludes</b> all other technologies.</p>
5	Do you agree with the Workgroup's assessment that the modification does not	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	Click or tap here to enter text.
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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>The assessment of the issue of BESS over subscription is adequately captured in the consultation. However, the consultation fails to outline a compelling argument for extending the OTCF to other technologies not seeing significant oversubscription. As set out, the driver of oversubscription is the protections. The consultation acknowledges that other technologies are not expected to see a significant portion of additional protection projects in the next window when the December 2024 planning protection comes into force, and so are not expected to become significantly oversubscribed. There is therefore no clear rationale for extending the OTCF beyond the issue at hand.</p>
7	Do you have evidence which may support the	<input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No



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	Workgroup in understanding what proportion of projects in the Gate 2 queue are unviable?	
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  <p>We agree with the data that has been discussed and included in the report. The build out rates and modelling reflect our understanding. It is positive to see the use of a variety of datasets (Aurora, Afry and Baringa) in validating the workgroups understanding of economic viability.</p>
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>We support the proposed activation threshold, with the caveat that it only applies to BESS projects as discussed in our response to previous questions.</p>
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <p>We can appreciate the value in assessing this on a national or regional level. We agree that volatility could be an issue for regional thresholds where individual projects potentially driving significant</p>

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		<p>fluctuations. However, we also see value in regional thresholds giving the correct locational signals, emergency restoration and constraint management flexibility.</p> <p>Our preference would be for the OTCF to be applied regionally <i>if</i> we had faith in the robustness of how the thresholds have been set. However, in the absence of that clarity, we agree that the OTCF thresholds should be applied nationally. This also aligns with the original intention of the proposal to address the grid queue, rather than to send locational signals.</p>
11	Do you agree with the proposed timing of the OTCF from implementation or Gate 2 contract signature (whichever is sooner) up to energisation?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Given the urgency of the code modification to address the over subscription of BESS, we would prefer an earlier implementation. At signature of the gate 2 contract, is our preferred option. This would dovetail better with the ramp of OTCF liabilities outlined in question 13.</p> <p>We also support that the OTCF is applied to all BESS projects that have not received EON.</p> <p>If the OTCF is applied from Gate 2 offer signing it should be at a lower rate which then ramps up over time. This would provide a window of opportunity for Developers with strong projects who can't afford the added securities to change hands. Otherwise, strong projects owned by developers who can't afford the</p>

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		added securities could be terminated whilst weaker projects owned by developers who can afford the securities prevail. The alternative preference, is for the OTCF to come into effect ~1 year later at the full amount. Either of these two approaches would give a small amount of time for the strongest projects to be identified.
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>We support the floor mechanism within the proposal as this will ensure that the liability on projects, that are progressing, are not overburdened with additional securities.</p>
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>Depending on question 11, we would support the profiling of the OTCF if the implementation date is at time of signature of the gate 2 offer.</p> <p>Given the urgency of this modification, we support the original proposed max fee of £25k/MW and no profiling, just a binary on / off trigger if the implementation is delayed.</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?	<input type="checkbox"/> No
		<p>We are supportive if they have gate 2 on all the co-located technologies, where the grid is being built for the other technology.</p> <p>If BESS is the second technology being connected and doesn't create additional wider network reinforcement, then the OTCF should not be applied.</p> <p>The OTCF should be applied proportionally to the intended export capacity of the BESS rather than to the full export capacity noted within the shared grid offer. We support the idea that where there are instances of PV being delivered first and the BESS being added second, there could/should be some exemptions on the basis that the grid infrastructure will have already been built and the BESS should help balance the system. However, we acknowledge that the concerns highlighted by the working group about the complexities and nuances of this in practice are valid.</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>The OTCF and PCF are addressing distinct issues. However, an OTCF that is applied to all technologies is loading unnecessary additional risk onto projects on top of the PCF.</p>

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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
		Yes, as per the PCF.
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, as per the PCF.
18	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		This alternative does not address the issue of battery oversubscription adequately. Pushing back the date will negatively impact upcoming windows and the progression of battery projects.
19	Do you agree with the proposed Alternative Request 2 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		A one-off payment will not reduce the queue further once the initial payment has been paid.

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		<p>Furthermore, the flat fixed fee being applicable until energisation could be overly burdensome. Once projects are past FID, the liabilities will have increased and this fee should be removed by the floor mechanism discussed in the original proposal. The could lead to unintended consequences for large technologies - offshore wind and nuclear should not have to carry these fees.</p>
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