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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>	Mathew Roberts	
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<b>Phone number:</b>	07415426592	
<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

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?	<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 checked="" type="checkbox"/>i   <input checked="" type="checkbox"/>ii   <input checked="" type="checkbox"/>iii   <input checked="" type="checkbox"/>iv  <input type="checkbox"/>None </td> </tr> </table> <div>Click or tap here to enter text.</div>	Original	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input checked="" type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
Original	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input checked="" type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None			
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <div>Click or tap here to enter text.</div>		
3	Do you have any other comments?	<div>Click or tap here to enter text.</div>		
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section of <a href="#">CMP470</a> ) <input checked="" type="checkbox"/> No <div>Click or tap here to enter text.</div>		
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>Yes. The Workgroup has correctly identified that oversubscription of BESS (approximately 90GW against a 24–29GW target) creates material problems for the entire connections system, not just for BESS projects themselves.</p> <p>We particularly agree with the analysis that TOs are bound by their licence conditions to design the network for all projects with Gate 2 status. With more than three times the needed BESS capacity in the queue, this leads to inefficient network planning (e.g. additional substation bays being planned that will never be needed) and delays to connections for all technologies – including solar, onshore wind and demand – as BESS projects occupy network capacity and planning resources.</p> <p>The Workgroup is also correct that the value of a Gate 2 Offer creates an incentive for projects to remain in the queue even when they are unlikely to reach FID. As a developer ourselves, we observe that many projects in the queue face significant unresolved risks – whether ground conditions,</p>

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		access routes, revenue projections at higher buildout levels, or financing terms – but the cost of remaining in the queue is currently very low relative to the option value of the Gate 2 position.
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 checked="" type="checkbox"/>No</p> <p>We have reviewed a number of BESS projects through our development and acquisition activities. In our experience, a significant proportion of projects marketed as 'shovel ready' or 'ready to build' have material unresolved risks that would prevent them from reaching FID in the near term. Common issues include unresolved third-party land rights, onerous planning conditions that are difficult or costly to discharge, challenging cable routes or access arrangements, and revenue projections based on market models that assume a 25–30GW BESS buildout rather than the 90GW+ queue.</p> <p>We would note the distinction drawn by Workgroup members between 'unviable' and 'uninvestable' – we consider the latter a more accurate characterisation. Many projects are technically feasible but the risk-reward profile at current market levels, and particularly at revenue levels implied by a higher-buildout scenario, makes them uninvestable.</p>
8	Do you have any comments on the	<p><input type="checkbox"/>Yes</p> <p><input checked="" type="checkbox"/>No</p>

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	Workgroups understanding of technical and economic viability of projects?	<p>We agree with the Workgroup's nuanced discussion of viability. The key insight is that a project can only truly be considered viable when FID is taken — prior to that point, a project is at varying stages of risk mitigation and the decision to invest further depends on a cost-benefit assessment of the remaining risks.</p> <p>We also agree that many projects in the queue may appear viable based on reference-case revenue forecasts from market modellers, but these forecasts typically assume a BESS buildout of 25–30GW. A project that is 60GW or more down the queue will face materially lower revenues than the reference case implies. This disconnect between assumed and realistic revenues is a key driver of the oversubscription problem and supports the case for the OTCF as a mechanism to bring forward the rebalancing that the market would eventually deliver, but over an unacceptably long timeframe.</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>Yes. The 50% activation threshold is conservative and appropriate — it ensures the OTCF is only triggered in cases of material oversubscription, not minor fluctuations. Given BESS is currently oversubscribed by approximately 210%, the 50% threshold is clearly met and provides significant</p>

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		<p>headroom before the OTCF would apply to other technologies.</p> <p>The 25% deactivation threshold with a deadband is also sensible. It avoids the OTCF switching on and off repeatedly due to minor changes in capacity or targets, which would create uncertainty for developers. We support this approach.</p> <p>We also support the minimum 5GW capacity target safeguard, which prevents the OTCF from being inadvertently applied to nascent technologies.</p>
10	Do you think the OTCF should apply based on national or regional oversubscription?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We support national application, as proposed.</p> <p>While we recognise the concern that a nationally-applied OTCF could discourage development in less oversubscribed regions, we agree with the Proposer's reasoning that regional application would introduce significant volatility.</p> <p>Furthermore, protections under Clause 3a apply nationally – a project with planning consent is protected regardless of regional targets. Applying the OTCF nationally is consistent with this.</p>
11	Do you agree with the proposed timing of the OTCF from implementation or	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>



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	Gate 2 contract signature (whichever is sooner) up to energisation?	<p>Yes, we agree with the proposed timing. Application from implementation (or Gate 2 contract signature for later offers) up to energisation is appropriate.</p> <p>We note the concern raised by some Workgroup members that projects at the back of the queue with later connection dates may be disproportionately affected, as they would bear the OTCF for longer periods. However, we consider this to be a natural consequence of the queue structure – projects with later dates are also those most likely to face revenue cannibalisation as earlier projects are built. The OTCF simply brings forward a financial reality check that the market would eventually impose.</p> <p>We would welcome the Workgroup exploring whether the OTCF could be disappplied at a later queue management milestone (e.g. construction start), though we recognise the Proposer's point that early groundworks do not necessarily equate to full commitment.</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>Yes. The securities floor approach is the most equitable application method. It means that projects which already have high securities (typically those with significant Attributable Works) are not penalised further, while projects with low or zero securities (often those using pre-existing substation bays, for whom remaining in the queue is essentially</p>

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		<p>a free option) are required to demonstrate financial commitment.</p> <p>This is preferable to a flat additional charge, which would be disproportionate for projects already carrying significant securities.</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>We broadly agree with the updated levels (£3k/MW initial, stepping to £5k/MW, then in £5k/MW increments to a cap of £25k/MW). The reduction from the original £10k/MW starting point is a welcome refinement following Workgroup discussion.</p> <p>The £3k/MW starting level is modest and should not force out genuinely viable projects – it is comparable to or less than the fixed security option available to many projects. However, it is sufficient to prompt developers holding queue positions as a 'free option' to reassess their commitment.</p> <p>We note concerns about the £25k/MW cap being excessive.</p>
14	Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed technology with another technology?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Yes, with the exception that Export or Import only BESS not be considered in scope of the OTCF.</p>

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15	Do you agree that the OTCF should apply as well as the PCF?	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No
		<p>Yes. As the consultation notes, the PCF and OTCF are very unlikely to apply to the same project in practice. The PCF applies pre-planning submission, while the OTCF will apply to projects that typically already have planning consent (as oversubscription is driven by protections requiring planning consent). The floor-based approach also ensures there is no double-counting – if a project's securities including PCF already exceed the floor, the OTCF has no additional impact.</p>
16	Do you agree that any OTCF funds relating to a customer which does not go on to energise should be returned to consumers via TNUoS?	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No
		<p>Yes. This is consistent with the approach taken for the PCF and ensures that the proceeds of the OTCF (where a project exits) benefit consumers rather than being retained by NESO or TOs. This also reinforces the principle that the OTCF is a commitment mechanism, not a penalty – projects that energise will never pay the OTCF as a cost.</p>
17	Do you agree that NESO should have the option not to implement the OTCF	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No

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	if the activation threshold is breached?	<p>Yes. We support the inclusion of NESO discretion with Ofgem oversight, mirroring the PCF mechanism. This provides an appropriate safeguard for unforeseen circumstances.</p> <p>However, given the current scale of BESS oversubscription (~210%), we would expect NESO to exercise this discretion in favour of implementing the OTCF. We would be concerned if this provision were used to indefinitely defer the OTCF while the oversubscription persists at current levels.</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>We do not support Alternative Request 1.</p> <p>While we understand the rationale for allowing time for natural attrition, delaying implementation to March 2028 risks allowing significant TO capital expenditure to be committed on the basis of the oversubscribed queue before the OTCF can take effect. The DESNZ and Ofgem open letter of 16 April 2026 specifically emphasises the importance of non-viable projects leaving the queue before such expenditure is committed.</p> <p>The Original proposal's implementation timeline (July 2027 securities statement) already provides a reasonable lead time following the signing or lapsing of all G2tWQ and first Gated Application Window offers. Further delay is not justified given the scale of oversubscription</p>

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19	Do you agree with the proposed Alternative Request 2 solution?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We do not support Alternative Request 2 as a standalone solution.</p> <p>While we appreciate the simplicity of a fixed one-off payment and the reduced administrative burden, £1.5k/MW is unlikely to be sufficient to drive meaningful attrition from a queue that is oversubscribed by a factor of three. For a 100MW BESS project, this equates to only £150,000 – a modest sum relative to the option value of a Gate 2 position and the overall project development costs.</p> <p>The Original proposal's escalating floor mechanism is better calibrated to the scale of the problem. If the initial £3k/MW is sufficient to reduce oversubscription, the floor does not escalate. If it is not, the escalation provides an increasing signal until the queue reaches a sustainable level. Alternative 2 provides no such dynamic adjustment.</p>