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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:	Nigel Chalmers	
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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 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?	<p>Mark the Objectives which you believe each solution better facilitates than the current baseline:</p> <table border="1"> <tr> <td>Original</td> <td> <input 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>CMP470 better facilitates objective ii (facilitating competition in generation and supply) by creating a market-based mechanism that incentivises uneconomic battery projects to leave the connection queue, freeing capacity for viable projects across all technologies. There is a battery storage pipeline at Gate 2 of around 90 GW against a Clean Power 2030 target of 24-29 GW by 2035. Without intervention, this oversubscription prevents efficient competition for connection capacity. CMP470 also better facilitates objective iv (promoting efficiency in the administration of the CUSC) by introducing a transparent, graduated securities floor calibrated to a clear oversubscription metric, which reduces the planning and build inefficiencies imposed on Transmission Owners by a severely oversubscribed pipeline. Transmission Owners are currently asked to design and build network capacity for projects that will never connect, or to assume attrition without any reliable basis for predicting which projects will drop out. Either response creates administrative and engineering inefficiency across the system.</p>	Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None			
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <p>Yes, subject to two conditions and two specific design requests set out below. First condition –</p>		

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	<p>protection clauses must be retained: Our support for CMP470 is conditional on NESO retaining CMP434 Protection Clauses 3a and 3b in the next application window. The OTCF is a sufficient market-based response to battery oversupply on its own. The protections in CMP434 and CMP435 were deliberate commitments made during an 18-month collaborative design process, on the strength of which developers made significant investment decisions. Projects with planning consent submitted before 20 December 2024 were explicitly told they would be protected in future application windows. Withdrawing that assurance now would send a damaging signal across all technologies and would increase the cost of capital for British clean power projects. The OTCF and disapplication of the protection clauses are alternatives, not complements - combining them would be disproportionate and would compound investor confidence damage. Second condition - revised starting floor: We welcome the proposed revision of the starting floor from £10k/MW to £3k/MW following industry feedback, rising to £5k/MW from April 2028, £10k/MW from October 2029, capped at £25k/MW in April 2031. This recalibration is sensible as it creates a meaningful commitment without front-loading an excessive burden. Design request 1 - co-located projects: The OTCF should be calculated solely by reference to the oversubscribed technology capacity (BESS MW only), not total connection capacity. The solar element of a co-located project should be entirely outside the scope of the OTCF. NESO should publish worked examples for hybrid projects. Design request 2 - time-based scaler: The</p>
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		OTCF should incorporate a time-based scaler modelled on the CMP192 User Commitment Methodology, so that projects with connection dates many years away (particularly those assigned later dates by NESO through the sequencing process) are not required to carry the full OTCF burden long before energisation or Final Investment Decision. We support the urgent governance timetable with a decision by 1 August 2026.
3	Do you have any other comments?	<p>We note that NESO's own Connections Methodologies Annual Consultation describes a potential alternative mechanism: an additional financial security paid by batteries with Gate 2 agreements that are above the permitted capacities, which would be recovered when the battery connects, and which could be calibrated to apply only to batteries more than a specified percentage above the permitted capacity. NESO is clearly considering some form of securities-based action regardless of whether CMP470 is approved. We support CMP470 as the preferable route as it has been developed through proper industry governance and preserves the protection clauses. However, if NESO implements its own mechanism instead, we make two requests: (i) Transparency – NESO should be clear about how the threshold would be calculated, in particular whether assessed at national or zonal level and by reference to what measure of permitted capacity; and (ii) Proportionality – the mechanism should not penalise co-located BESS projects that are not the cause of the oversubscription problem, with the threshold calibrated to focus the fee on projects most directly responsible for excess pipeline volume. In either</p>

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		case, NESO should provide project-specific guidance or a published tool that allows developers to assess their likely exposure before Gate 2 Offers are accepted. We also note that Tribus Clean Energy is the developer of a co-located solar and BESS project. The specific co-location apportionment and hybrid project scope questions we raise are critical to our ability to make an informed commercial decision when our BESS Gate 2 Offer is issued.
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>No. We do not raise a formal Workgroup Consultation Alternative Request at this stage. We note that the time-based scaler proposal (see Q11 response) could be developed into an alternative request if the workgroup considers it appropriate to do so, but we prefer first to invite the workgroup to address this as a design refinement to the Original proposal rather than as a separate alternative.</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 type="checkbox"/> No</p> <p>We raise no comments on this question</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>Yes. We agree with the workgroup's understanding that the battery storage pipeline at Gate 2 of approximately 90 GW significantly exceeds the Clean Power 2030 target of 24-29 GW, and that the current structure of protection clauses combined with low cancellation charges creates insufficient incentive for uneconomic projects to leave the queue. This imposes real cost and planning inefficiency on Transmission Owners and slows connections across all technologies.</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>No specific evidence to submit on the proportion of unviable projects in the queue.</p>
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>Yes. We note that the distinction between 'viable' and 'unviable' projects is more nuanced for co-located hybrid projects than for standalone BESS. A co-located BESS may not hold an independent revenue contract (e.g. a CfD or Capacity Market</p>

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		agreement) but may nonetheless be economically rational as part of a combined project with an established generation asset. Viability criteria that focus solely on the presence of a support contract are not a reliable proxy for the viability of co-located storage. We ask the workgroup to take this into account when assessing the technical and economic viability of projects 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 Yes. We support the 50% oversubscription activation threshold and 25% deactivation deadband. These parameters avoid over-correction and market instability while ensuring the OTCF engages meaningfully where oversubscription is genuinely material.
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Yes, we support the national rather than regional basis for calculating oversubscription. This reflects the way in which the CMP434 and CMP435 protections themselves operate and avoids the volatility and distortion that could arise from applying the mechanism at a zonal level where pipeline volumes are smaller and more sensitive to individual project decisions.
11	Do you agree with the proposed timing of	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	the OTCF from implementation or Gate 2 contract signature (whichever is sooner) up to energisation?	<p>Yes, we support application from implementation or Gate 2 contract signature (whichever is sooner) through to energisation. This is the correct approach as it closes the gaming route that would otherwise exist around construction-start milestones. However, we ask NESO to consider incorporating a time-based scaler into the level of the OTCF, modelled on the principles applied in the CMP192 User Commitment Methodology for cancellation charges. The OTCF as drafted would require a project with a connection date in 2035 or beyond to begin placing material securities from 2027, potentially eight or more years before energisation. This creates a disproportionate burden on projects whose later connection dates are not the result of any commercial deficiency but are a direct consequence of dates assigned by NESO through the connections reform sequencing process. A time-based scaler would ensure the obligation scales proportionally as a function of time remaining before the planned connection date, consistent with the approach already established in CMP192. Under that methodology, projects further from their connection date carry a lower immediate obligation, with the full obligation applying only in the final year before energisation. We ask the workgroup to consider an equivalent graduated approach for the OTCF.</p>
12	Do you agree with the proposal to apply the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	OTCF as a securities floor?	Yes. Applying the OTCF as a securities floor (rather than an outright charge) is the appropriate mechanism, as it ensures the obligation is recoverable on energisation and does not penalise projects that ultimately connect and deliver for the system.
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 <input type="checkbox"/> No</p> <p>Yes, subject to the proposed revision of the starting floor from £10k/MW to £3k/MW following industry feedback. We regard this recalibration as sensible: a £3k/MW starting floor creates a meaningful commitment without front-loading an excessive burden before the market has had the opportunity to respond. The stepped structure (£5k/MW from April 2028, £10k/MW from October 2029, capped at £25k/MW in April 2031 if oversubscription persists) provides a proportionate escalation mechanism that increases pressure on the least viable projects over time. We note that if a time-based scaler were adopted as described in our Q11 response, the effective level of the OTCF for later-dated projects would be adjusted accordingly, which would further improve proportionality.</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 <input type="checkbox"/> No</p> <p>Yes in principle, as excluding co-located projects would create an obvious circumvention route. However, we raise the following specific questions</p>

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		<p>and requests regarding the application of the OTCF to co-located hybrid projects. Apportionment: The OTCF should be calculated solely by reference to the capacity of the oversubscribed technology (BESS MW only), not by reference to total project or connection capacity. For example, if a project has a 500MW import/export connection shared between solar and BESS, and both technologies were oversubscribed, the project should not be double-charged at 1000MW when it can only export 500MW at any one time. Scope: The solar Gate 2 agreement of a co-located project and its associated securities should be entirely outside the scope of the OTCF and should not be affected by or aggregated with the BESS Gate 2 Offer for the purposes of any fee calculation. The hybrid project should not be treated as a single undifferentiated oversubscribed technology project. Solar is not currently an oversubscribed technology; if a hybrid project is assessed holistically and the solar capacity is treated as part of an oversubscribed technology project by virtue of the BESS co-location, the fee calculation would be distorted in a way that is both incorrect and unintended. Network characteristics: There is a material difference in network impact between a standalone BESS and a co-located BESS sharing an existing connection. A standalone BESS holds physical connection capacity and a queue position for its full import and export. A co-located BESS shares an existing connection, does not make the same incremental claim on network infrastructure, and shares its export capacity with the co-located generation. We ask NESO to consider whether these differences warrant differential</p>
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		treatment of co-located BESS in the OTCF design. Worked examples: NESO should publish clear worked examples showing how the OTCF fee is calculated and apportioned for hybrid projects with shared connections. These clarifications are essential to enable informed commercial decisions when Gate 2 Offers are accepted.
15	Do you agree that the OTCF should apply as well as the PCF?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Yes. We agree that the OTCF should apply alongside the Project Commitment Fee (PCF) introduced by CMP448. We note the Proposer's observation that in practice the two fees are unlikely to apply to the same project simultaneously, given their different trigger conditions.
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 type="checkbox"/> No We raise no comments on this question
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. Retaining NESO discretion not to implement the OTCF even where the activation threshold is breached provides a useful safeguard against

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		mechanical application in edge cases. We would expect this discretion to be exercised transparently and with published reasoning in good time.
18	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input type="checkbox"/> No
		We raise no comments on this question
19	Do you agree with the proposed Alternative Request 1 solution?	<input type="checkbox"/> Yes <input type="checkbox"/> No
		We raise no comments on this question