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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:	Julia Magee	
Company name:	Ørsted	
Email address:	jmage@orsted.com	
Phone number:	+447341090190	
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:

(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.

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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:

- 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 checked="" type="checkbox"/>i <input type="checkbox"/>ii <input checked="" type="checkbox"/>iii <input checked="" type="checkbox"/>iv <input type="checkbox"/>None </td> </tr> </table> <p>We believe that the Original Proposal would result in a more efficient implementation of the CUSC arrangements. By reducing oversubscription and incentivising levels of supply to equilibrate down to what is needed on the system, NESO will avoid having to spend resources preparing connections offers for projects which are ultimately unviable. Viable projects of undersubscribed technologies will not risk having their connections offers delayed due to unnecessary time spent preparing offers for oversubscribed technologies. Finally, network companies will save time and resources that would have otherwise been spent updating the network to accommodate projects which are not needed.</p> <p>Related to Objective ii, we caution that introducing additional financial incentives may disadvantage developers with fewer financial resources who cannot pay increased securities, but whose projects may otherwise be viable. Such a consequence could reduce competition among generators and concentrate the ownership of projects in the connections queue to those with greater financial resources.</p>
Original	<input checked="" type="checkbox"/> i <input 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
		<p>Ørsted is broadly supportive of actions which seek to mitigate oversupply and accelerate the pace of the connections process. NESO must continue to issue final Gate 2 offers as soon as possible to allow for natural attrition to occur from the queue. Beyond natural attrition, it remains clear that further action is needed to pare down the volume of batteries in the queue to a level better aligned with what is needed on the system. Connections offers should not be delayed for viable projects of undersubscribed technologies as a result of time and resources spent studying and preparing offers for projects of oversubscribed technologies.</p>

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		We do, however, have concerns relating to the timing of implementation, as well as other areas of practical application. These are detailed in responses to the specific workgroup consultation questions.
3	Do you have any other comments?	Ørsted has no additional comments.
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 CMP470) <input checked="" type="checkbox"/> No Click or tap here to enter text.
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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.

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 Click or tap here to enter text.
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 Click or tap here to enter text.
8		<input type="checkbox"/> Yes

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	Do you have any comments on the Workgroups understanding of technical and economic viability of projects?	<input checked="" type="checkbox"/> No
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 Ørsted has no additional comments and finds this design parameter to be sensible.
10	Do you think the OTCF should apply based on national or regional oversubscription?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No By responding 'Yes' to this question, we are agreeing with the design parameter as currently proposed (i.e.: national application of the OTCF). We agree with the reasoning noted in the consultation that because some regional capacity targets are relatively small, there is a risk of volatility in OTCF application that should be avoided.
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 We believe that applying the OTCF through to energisation is overburdensome. We would instead suggest that the end date of the OTCF application be set when a project reaches milestone M7 - Project Commitment. The evidence of significant financial support/commitment provided at this milestone is enough to demonstrate that the project has an extremely high likelihood of reaching energisation. We believe that reaching this development milestone satisfies the intent of the OTCF and prevents projects from continuing to hold potentially prohibitive levels of additional securities through to energisation even after showing sufficient evidence of maturation. Further, reaching Financial Investment Decision is considered as a milestone in Bilateral Connection Agreements and

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		Construction Agreements. It would be logical to maintain consistency with this approach.
12	Do you agree with the proposal to apply the OTCF as a securities floor?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Ørsted has no additional comments and finds this design parameter to be sensible.
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 We believe it is important that these levels be carefully considered prior to implementation given the material impact they pose to projects. The security levels of the OTCF should be set such that the desired effect of mitigating oversubscription is achieved, without introducing an excessively negative impact on the economics of viable projects which remain in the queue or inadvertently causing viable projects to leave the queue solely due to the implementation of the OTCF. We would like to see additional third-party analysis or justification provided for the proposed levels, particularly for the cap of £25k/MW, as a lower cap may be sufficient to achieve the desired volume of attrition.
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 Ørsted does not support the application of the OTCF to projects which co-locate an oversubscribed technology with another technology. Co-located technologies represent an opportunity to unlock significant system value. Specifically in the case of battery storage, which can participate in the system either as generation or demand, co-location with generation enables the efficient use of network infrastructure, and a reduction in curtailment. This can secure reliable revenues for generators, lower wholesale costs for off-takers, and avoid constraint costs for consumers. This system value should not be jeopardised due to the implementation of additional financial securities. Should the Original Proposal continue to include an application of the OTCF to co-located projects, further clarity will be required on the design parameter. It is unclear from

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		the solution summary if the proposer intended for both listed criteria to be met in order to be exempt from having the OTCF apply to co-located projects, or if a co-located project would be exempt from the OTCF by meeting one or the other listed criteria. Ørsted's view is that the latter is the more appropriate option, with meeting either of the criteria sufficient for exemption.
15	Do you agree that the OTCF should apply as well as the PCF?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Ørsted has no additional comments and finds this design parameter to be sensible.
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 Ørsted agrees that this is a sensible approach to further incentivise only the most viable projects to progress through the connections queue. If a developer was not fully convicted in the viability of a project, knowing that any OTCF funds would not be returned if the project did not energise (or meet milestone M7 as per our response to Q11) would be appropriate incentive for the developer to reconsider remaining in the connections queue. It is also correct that funds should be returned to consumers via TNUoS.
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 We support the inclusion of this mechanism to the proposal. There may be unforeseen circumstances where NESO believes the OTCF is not appropriate to apply in the event of oversubscription. CP30 Action Plan capacity targets may increase with the publication of the Strategic Spatial Energy Plan (SSEP), and it is prudent to have a mechanism which allows for flexibility to adapt to future scenarios without financially burdening connections customers.
18	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Ørsted supports incorporating a later implementation date of March 2028. We believe that this implementation date provides for the opportunity to view the current oversupply of battery projects from the most appropriate context.

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		Specifically, we support this implementation date because it falls after the time when the SSEP is expected to be published and allows for sufficient time after the issuance of Gate 2 offers for natural queue attrition to occur.
19	Do you agree with the proposed Alternative Request 2 solution?	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Ørsted appreciates the aim of this alternative approach to reduce administrative burden. However, we do not agree with the proposed solution as we question whether the proposed security level represents a strong enough incentive for unviable projects to leave the connections queue.</p> <p>We believe that additional detail is needed to compare this solution with the Original Proposal and Alternative Request 1. While it is clear that the OTCF is refunded upon energisation, it is unclear how the OTCF is treated in the event a project does not ultimately energise. We agree with the workgroup discussion noted in the consultation and ask for clarification around interaction of the proposal with oversubscription thresholds and Gate 2 offer acceptance.</p>