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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 [usc.team@neso.energy](mailto:usc.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 [usc.team@neso.energy](mailto:usc.team@neso.energy)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Christie Sims	
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<b>Phone number:</b>	07885 971119	
<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 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

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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:**

- 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;*

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- 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.

**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	Mark the Objectives which you believe each solution better facilitates than the current baseline:
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	better facilitates the Applicable Objectives versus the current baseline?	Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		<p>The current size of the BESS queue does not promote efficiency and leaves the networks in a similar state to before the Grid Reforms. This measure is more sensible than retrospectively removing protections from the already-agreed framework.</p>	
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No	
		<p>Basing the securities on signed offers only is by far the most sensible approach, as attrition is highly likely once the NESO capital contribution requirements of BESS offers are known, especially at DNO levels where exposure to reinforcement costs is effectively uncapped. However, this rule needs to be established now as there is no way to predict whether this early attrition will be sufficient to bring down BESS projects to a more reasonable level, so the implementation timing is correct.</p>	
3	Do you have any other comments?	<p>This is a better method than the previously proposed removal of 3a and 3b protections. Removing protections would only cut off BESS that is already sat at the very back of the queue, while the securities approach would put pressure on all projects to examine their viability. Currently there has been no incentive for a near-term project with low securities to exit the queue, even if it has significant development issues, because there was no cost or downside in applying for Gate 2 and “holding on” in the hope that something would improve. This methodology would put a cost onto those projects.</p>	

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		Currently there is no incentive for a developer to give up a project unless it's incurred securities.
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  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 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  Yes, they highlight the challenges to efficient network design and that projects will be held up behind BESS that isn't progressing. The idea from some workgroup members that this should only apply to projects that incur additional network costs is incorrect. This would benefit projects that have access to the cheapest capacity and would ensure developers keep hold of these projects until the last possible moment, even if they are ultimately not buildable.
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7	Do you have evidence which may support the Workgroup in understanding what proportion of projects in the Gate 2 queue are unviable?	<div data-bbox="564 277 651 376"> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No         </div> <div data-bbox="564 474 1353 936"> <p>It's impossible to know for certain how many "zombie" projects are still in the queue. However, a submission to G2TWQ shouldn't be seen as evidence a project is viable. If a project has problems but there is no cost to keeping it (existing cost is already sunk by gaining planning permission, and there are no securities and no Gate 2 application fee) then a developer would always submit it on the chance that it would improve the situation, or give sufficient time to solve a challenge.</p> </div> <div data-bbox="564 1034 1321 1317"> <p>If a BESS project had planning and land rights, regardless of its viability, there was no downside to applying. If there are no securities on acceptance, there is no downside to accepting the Gate 2 offer. There is no incentive to cancel a project when keeping it running is free.</p> </div>
8	Do you have any comments on the Workgroups understanding of technical and economic viability of projects?	<div data-bbox="564 1348 651 1447"> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No         </div> <div data-bbox="564 1545 1353 2007"> <p>The point about developers being unlikely to self-certify a project as unviable is absolutely correct. Most developers in this space are looking to sell projects rather than build them, meaning if they can find a seller who will take a risk or not notice something in due diligence, the project is as valuable as a viable one. Because so few developers construct projects, developers may not know themselves that there is a concern with their scheme as on paper it looks achievable.</p> </div>

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		<p>To echo an earlier point: there is no advantage to self-certifying that a project is not viable. As long as there is a valid Gate 2 offer and planning, it is worth a developer attempting to sell it. BSR is a developer, builder, owner and operator and has reviewed several projects on the market that are advertised as “shovel ready” while not being achievable.</p> <p>This proposal will help push developers to evaluate their current position against the cost of the securities and decide whether they can reasonably proceed.</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>The “allowed overshoot” of 125% avoids criticisms of applying securities when future storage caps could be higher (e.g. applying securities and making BESS drop only months before a new cap publications would have made those projects required), and 150% activation threshold ensures that this only comes into effect when the market reality has significantly drifted from the target goals.</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>National is the only sensible methodology as targeting regional imbalance in this way would cause a retrospective postcode lottery for protected projects: an unviable scheme in one area escapes securities because enough others exited first. The pressure should be uniform so that genuine projects are not penalised but all “zombie” schemes are</p>

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		choosing to exit or paying securities for taking on the ongoing risk.
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>Projects can have planning and still be unviable (for instance, cable route challenges) and therefore the incentive needs to be against every project. The key benefit of this proposal is that it encourages projects at the front of the queue that might be stalling to self-exit, allowing the genuine projects to move forwards. Disapplying the securities at construction start etc could lead to technical starts to reduce liability ahead of exit. The rest of the securities process applies up to energisation and having two different setups would be more confusing, whereas currently the proposal of a floor is relatively straightforward.</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>The OTCF should be a securities floor and not have a cap of existing maximum securities, as this will again benefit those projects at the very front of the queue with low securities without ensuring they are moving forward or exiting the queue. It could be argued that milestones will get rid of these schemes first, but given the ongoing delays of G2TWQ even for protected offers, it is more likely that projects will be able to demonstrate genuine harm and delay to FID based on the G2TWQ process and be eligible for some leniency.</p>
13		<input checked="" type="checkbox"/> Yes



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	Do you agree with the level of the OTCF, including minimum and maximum levels if changing over time?	<input type="checkbox"/> No
		<p>This should still be based on £/MW as basing it on physical constraints makes it a binary “project continue or cancel” choice, whereas the £/MW approach could encourage some developers to reduce the size of their project if certain areas are subject to more risks. In addition: a project fee that is big enough to encourage transmission projects to exit would be far too high for any distribution project to bear.</p> <p>Finally: this security fee should not be based on the level of reinforcement required. This again would mean projects at the front of the queue are being protected regardless of whether they are progressing or not, while they hold the most beneficial positions. Attrition can come from anywhere in the queue, and projects with a closer connection date shouldn't be seen as a special case (although investment they have made on procurement should be considered).</p>
14	Do you agree that the OTCF should be applied to projects which co-locate an oversubscribed technology with another technology?	<input checked="" type="checkbox"/> Yes
		<input type="checkbox"/> No <p>Carving out co-located technologies doesn't have a benefit as they are contributing to each separate cap. G2TWQ treated each technology as separate so allowing combined status to impact things now would be confusing and inconsistent. The proposal about whether the BESS connects later would incentivise all co-located BESS to apply to energise a</p>

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		week after the solar or wind to exempt itself from the securities.
15	Do you agree that the OTCF should apply as well as the PCF?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		They are both securities floors and there is no reason why they can't both apply.
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
		Care should be taken to ensure the network doesn't have a vested interest in pushing more cancellations to gain revenue that can be demonstrated to reduce TNUoS, as this could create a perverse incentive on rule application. However the goal is to get projects out of the queue before applying these rules so this is not a major concern.
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
		Flexibility is useful in unforeseen future scenarios/technologies. However the reasoning behind this should be explained so that NESO still appears consistent, or market trust could be undermined
18	Do you agree with the proposed Alternative Request 1 solution?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Curtailment reports at the DNO level are not able to be run until the Gate 2 offer has been received. DNOs

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		<p>do not run curtailment reports at a level that can be invested in: UKPN for example will only show “&lt;5%” as a minimum, while the hurdle rate is breached at 2%, so all of this work must happen with private providers once the Gate 2 offer is received. Without this additional time, developers are forced to take a blind decision and may find out within a few months that the newly accepted scheme is unviable, but have to pay securities despite being a genuine developer.</p> <p>These reports cannot be generated ahead of the outcome of the Gate 2 queue as it is not known which projects will be on the network causing curtailment. This setup is not seen at Transmission but is critical at Distribution.</p>
19	Do you agree with the proposed Alternative Request 1 solution?	<p><input type="checkbox"/>Yes</p> <p><input checked="" type="checkbox"/>No</p> <p>The fee seems too low to create the incentive to leave the queue and, once paid, there is no further incentive to leave the queue as the funds are lost. The slowly rising securities fee forces a reappraisal every 6 months on project viability.</p>