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Code Administrator 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 June 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:	Simon Wragg	
Company name:	Ethos Green Energy Solutions Ltd	
Email address:	Simon@ethosgreenenergy.com	
Phone number:	07879534335	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input checked="" 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)	<input checked="" type="checkbox"/> Non-Confidential (<i>this will be shared with industry and the Panel for further consideration</i>)
	<input type="checkbox"/> Confidential (<i>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</i>)

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 question 5) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:

- a) *fostering effective competition, non-discrimination and transparency in balancing markets;*

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- 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 Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solutions against the Applicable Objectives against the current baseline.	Mark the Objectives which you believe the proposed solutions 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
		WACM1 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		WACM2 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		WACM3 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		WACM4 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		WACM5 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		WACM6 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None

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		<p>The core concern is that the OTCF is a blunt financial instrument that selects for access to capital rather than genuine project deliverability. A per-MW fee applied uniformly across an entire technology class does not distinguish between a well-funded speculative project and a well-advanced investable project that simply cannot absorb additional development cost.</p> <p>Key points:</p> <ul style="list-style-type: none"> • The OTCF structurally advantages large, well-capitalised developers and disadvantages smaller developers or those with longer-dated projects, regardless of the underlying quality or deliverability of those projects. This is contrary to Objective ii (facilitating effective competition). • A per-MW fee disproportionately penalises larger projects, which may be capable of delivering lower-cost energy through economies of scale. This could reduce the average size of projects coming forward, which is not in consumers' interests. • If the fee is set at a level that forces smaller or independent developers out of the queue, the result is likely to be consolidation into a small number of well-capitalised storage companies – not a reduction in oversubscription, just a transfer of queue capacity to larger balance sheets. • The complexity of technology triggers, thresholds, escalation arrangements and co-location rules introduces significant administrative burden. The User Commitment Methodology is already considered complex; adding a further layered financial charge creates additional implementation risk (Objective iv).
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		<ul style="list-style-type: none"> NESO's own evidence indicates that even a £2,000/MW fee would create material costs for more than 80GW of the BESS queue. For a 100MW project that represents £200,000 in additional security – a meaningful barrier for projects that are commercially viable but cannot efficiently absorb additional development risk at early stage. <p>If you believe some solutions are better than others: WACM3 and WACM5 have a materially less negative impact than the Original and other WACMs because the fee is capped at £8,000/MW rather than potentially escalating to £25,000/MW. If you are considering marking any objective as better facilitated, the lower-ceiling WACMs are the more defensible choice.</p>
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> WACM3 <input type="checkbox"/> WACM4 <input type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input checked="" type="checkbox"/> Baseline <input type="checkbox"/> No preference
		<p>The current baseline is preferable to any version of the OTCF because it does not impose a broad financial charge across an entire technology class on the basis of access to capital alone. The OTCF as currently</p>

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		<p>designed does not assess whether projects are deliverable – it assesses whether developers can afford to stay in the queue. Those are different things, and conflating them is likely to produce worse outcomes for consumers and for competition.</p> <p>If the modification is approved despite your concerns: WACM5 (or WACM3) is the least harmful option because the lower and capped fee is more manageable for a wider range of developers. Supporting WACM5 as a conditional preference does not mean supporting the principle of the OTCF.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The proposed implementation – waiting until all Gate 2 to Whole Queue (G2tWQ) offers have been signed or lapsed, and the first gated application window has closed – provides meaningful time for projects to understand their position before the fee applies. This is the least disruptive way to implement any change of this kind, and supporting it does not contradict opposition to the modification itself.</p>
4	Do you have any other comments?	<ul style="list-style-type: none"> Any intervention to address oversubscription should be targeted, proportionate and based on evidence of project deliverability – not access to capital. The risk is that the OTCF removes viable and investable projects while better-funded but higher-cost projects remain in the queue. That

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		<p>outcome would reduce market diversity, increase barriers to entry and ultimately harm consumers.</p> <ul style="list-style-type: none"> If further action is needed to manage oversubscription, it should focus on improving queue management milestones, milestone evidence requirements, network planning transparency and more efficient treatment of scarce network capacity – rather than a broad financial charge. <p>In Summary:</p> <p>1. It is anti-competitive. The fee selects for capital access, not deliverability, and is likely to consolidate the market rather than clear it.</p> <p>2. It is disproportionate. A flat per-MW fee bears no relationship to connection costs, project economics or actual network impact. Projects with low connection costs face a fee that materially exceeds their economic stake in the connection.</p> <p>3. Better tools exist. Queue management, milestone evidence and planning transparency are more targeted and more proportionate ways to address oversubscription than a broad financial charge on all projects in an oversubscribed technology class.</p>
5	Do you agree with the Workgroup’s assessment that the modification <u>does not</u>	<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?	This is uncontroversial. The workgroup's assessment that CMP470 does not impact the Electricity Balancing Regulation Article 18 terms and conditions is correct and can be agreed without qualification.
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