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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:	Julia Magee	
Company name:	Ørsted	
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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 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)	<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:

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- 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;*
- 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.

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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 checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM1 <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM2 <input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM3 <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM4 <input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM5 <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM6 <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		<p>Across all proposed solutions, we believe that they better facilitate Applicable Objective (i) and (iv) than the Baseline. It remains clear that further action is needed beyond natural attrition to pare down the volume of batteries in the queue to a level better aligned with what is needed on the system. Each proposed solution introduces a financial incentive to mitigate oversubscription, providing NESO with a tool it currently does not have to more efficiently manage the connections queue and subsequently deliver on its obligations.</p> <p>With regard to Applicable Objective (iv), each of the proposed solutions enables NESO to more efficiently achieve the aims of Connections Reform and</p>

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		<p>implement the CUSC arrangements. By reducing oversubscription and incentivising levels of supply to equilibrate down to what is needed on the system, the proposed solutions enable NESO to 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 potentially significant levels of capital that would have otherwise been spent updating the network to accommodate projects which are not needed.</p> <p>The Original Proposal, WACM2, and WACM4 do not better facilitate ACO (ii) compared to the Baseline. The maximum level of the securities floor has the potential to introduce an excessively negative impact on the economics of viable projects which remain in the queue. This design parameter may disadvantage developers with fewer financial resources who cannot pay such a level of 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> <p>The maximum level of the securities floor in WACM1, WACM3, WACM5, and WACM6 is less punitive and lessens the chance that developers with fewer financial resources are disadvantaged. These solutions better facilitate ACO (ii) compared to the Baseline because they introduce an incentive for developers to be strongly convicted in the viability of their projects or leave the queue/divest their projects and accompanying queue position to competitors if not.</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

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		<input checked="" type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		<p>WACM5 takes a more commercially proportionate approach to the level of the securities floor compared to other solutions, namely the Original Proposal, WACM2, and WACM4. As projects approach the Trigger Date and subsequent migration up to the higher tier of OTCF levels, they will be faced with an incentive to ensure they remain viable or else leave the queue.</p> <p>It is appropriate that this solution disappplies the OTCF once all Queue Management Milestones are met. We view continuing to apply the OTCF through to energisation as overburdensome, given the high degree of evidence of viability required to meet all Queue Management Milestones.</p> <p>While we broadly do not support the application of the OTCF to projects which co-locate an oversubscribed technology with another technology, we acknowledge that WACM5 still maintains some level of exceptions for co-located projects compared to other solutions which do not.</p>
3	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. While we agree that each one of the proposed solutions better facilitates the ACOs to a certain degree, we do not agree with all the design parameters of every solution.</p> <p>We are not supportive of the design parameter in the Original solution, WACM1, WACM4, and WACM6 which disappplies the OTCF only at energisation. Applying the OTCF through to energisation is overburdensome, as</p>

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		<p>meeting all Queue Management Milestones demonstrates that a given project has an extremely high likelihood of reaching energisation. We believe that meeting all Queue Management Milestones 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.</p> <p>While we prefer the element of the proposed solutions which allows for some exceptions of OTCF application to co-located projects compared to the solutions which do not, we broadly do 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.</p>
4	Do you have any other comments?	N/A
5	Do you agree with the Workgroup's assessment that the modification <u>does not</u> impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		No additional comment