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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:	Joe Colebrook	
Company name:	Innova	
Email address:	joe@innova.co.uk	
Phone number:	020 3523 9560	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input 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 checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM1 <input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM2 <input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM3 <input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM4 <input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM5 <input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM6 <input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None

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		<p>Innova does not consider that overall the Original or any of the WACMs better facilitate the Applicable CUSC Objectives when assessed against the current baseline.</p> <p>We recognise that CMP470 may contribute positively to Objective i) by supporting NESO in network planning and in providing ambitious connection dates to more projects. However, the proposal falls short in several critical areas, and, in our view, the benefits do not outweigh the adverse impacts on competition and consumer outcomes.</p> <p>The OTCF mechanism in the Original and all WACMs operates as an escalating “pay-to-stay” requirement. It risks disproportionately advantaging large, well-capitalised Developers and penalising smaller Developers or those with less robust balance sheets, without properly assessing underlying project deliverability, investment risk or consumer value. A per MW fee is also likely to disadvantage larger projects that may be capable of delivering lower-cost energy through economies of scale. There is a significant risk that CMP470 will lead to consolidation of projects into a small number of well-capitalised storage companies, without necessarily reducing oversubscription in a targeted or efficient way, reducing the average size of battery projects. For these reasons, Innova does not believe the Original or any of the WACM’s facilitates effective competition and considers that they may have a net negative outcome for consumers under Objective ii).</p> <p>We note that WACM3 and WACM5 would have a materially less negative impact than the Original and other alternatives because the fee is lower and more manageable at £8k/MW rather than potentially escalating to £25k/MW. However, even fees at this lower level are significant in terms of project deliverability. The evidence provided by NESO’s Revenue Team</p>
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		<p>suggests that even a £2k/MW fee would create a material cost for more than 80GW of the BESS queue. For a 100MW project, a £25k/MW fee would require £2,500,000 of additional security, which could create material challenges for projects that remain investable but cannot efficiently absorb additional development cost and investment risk.</p> <p>We agree with the Workgroup’s assessment that CMP470 does not impact the Electricity Balancing Regulation Article 18 terms and conditions held within the Code.</p> <p>In relation to Objective iv), the complexity of technology triggers, thresholds, ramping arrangements and co-location rules would introduce a significant administrative burden and additional risks, undermining efficient implementation and administration of Section 15 of the CUSC. Users already find the User Commitment Methodology complex, and the OTCF, alongside the approved Project Commitment Fee (PCF), would add further complexity that is not intuitive. The proposal also relies on a financial instrument as a proxy for scarce network capacity, which may not target the actual drivers of the oversupply.</p> <p>Overall, CMP470 is a blunt tool which selects projects based on access to capital rather than deliverability or consumer value. Innova, therefore, prefers the current baseline.</p>
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input type="checkbox"/> WACM2

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		<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>Innova's preferred outcome is the baseline. We do not support the Original or any WACM because we consider the OTCF to be disproportionate, anti-competitive and insufficiently targeted at ensuring project deliverability.</p> <p>If Ofgem decides to approve the CMP470 modification notwithstanding these concerns, Innova's preferred proposed solution would be WACM5 because it has the lowest negative impact on industry out of the Original and six alternatives. WACM5 is not supported in principle, but it is the least harmful option because the lower fee of £2k/MW rising to £8k/MW is materially more manageable than an escalating fee that could reach £25k/MW.</p>
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>Innova supports the proposed implementation approach because it provides time for all Gate 2 offers to be reviewed and accepted, including projects which are 3a and 2b protected, before the OTCF is activated. This is an important step in enabling more informed</p>

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		<p>decision-making by project owners and the likelihood of the project being able to progress if they decide to pay the OTCF and stay in the connection queue. Waiting until the outcome of the first CMP434 window has been announced should also provide sufficient time for DNOs to offer Technical Limit (non-firm transmission access) offers to embedded storage projects that have received a Gate 2 offer in the CMP435 window (Gate 2 to Whole Queue process).</p> <p>This does not change Innova’s position that the baseline is preferred and that the Original and WACMs should not be approved. However, if a modification is approved, we believe the implementation arrangements should provide clear notice to affected Users and minimise unnecessary disruption or retrospective impacts.</p>
4	Do you have any other comments?	<p>Innova considers that any intervention to address oversubscription should be targeted, proportionate and based on evidence of project deliverability rather than access to capital. A commitment fee risks removing viable and investable projects from the queue while leaving better-funded but higher-cost and less deliverable projects in place. This could undermine competition, reduce market diversity, increase barriers to entry and lead to higher energy prices which will ultimately harm consumers. If Ofgem believe further action is required, it should focus on improving queue management milestones, milestone evidence, network planning transparency and the efficient treatment of scarce network capacity, rather than introducing a</p>

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		broad financial charge across an entire technology class.
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 Yes. Innova agrees with the Workgroup’s assessment that CMP470 does not impact the Electricity Balancing Regulation Article 18 terms and conditions held within the Code.