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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:	Ash Adams	
Company name:	NESO	
Email address:	Ashley.adams2@neso.energy	
Phone number:	07355600840	
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 type="checkbox"/> Storage <input type="checkbox"/> Supplier <input checked="" 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 <u>will be shared</u> 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, <u>will not be shared</u> 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;*
- b) *enhancing efficiency of balancing as well as efficiency of national balancing markets;*

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- 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 checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM1 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM2 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM3 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM4 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM5 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM6 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		NESO recognises the issues that can arise as a result of significant oversubscription of some technology types against CP30 capacity limits and agrees with the proposer's view that this could lead to inefficiencies in the delivery of connections reform. Further, we agree that implementing a financial mechanism such as an OTCF Floor which aims to remove less viable projects from the connections queue will help manage this issue.

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	<p>The Original proposal and all WACMs look to introduce some form of OTCF, and NESO is therefore of the opinion that the Original and all WACMs will all better facilitate ACO (iv) when compared to the current baseline, albeit to varying degrees.</p> <p>WACM 1 and WACM 5 and WACM 6 all look to limit the OTCF Floor at the level of a project’s maximum lifetime cancellation charge security. We believe that these options will provide a weaker signal to developers of less viable projects to leave the queue and we therefore view these as better facilitating ACO (iv) than the baseline but not to the extent of the original proposal or other WACMs. Additionally, WACM 5 also significantly reduces the levels of the OTCF Floor and introduces step change in the OTCF Floor post Trigger, which we believe will weaken the signal to developers further.</p> <p>WACM 3 looks to reduce the value of the OTCF Floor in comparison to the Original. It also applies the Floor to liabilities rather than securities. We believe that these changes will provide a weaker signal to developers to leave the queue when compared to the original proposal and other WACMs. We therefore view this WACM as better facilitating ACO (iv) when compared to the baseline but not to the extent of the Original or other WACMs.</p> <p>The original proposal, WACM 2 and WACM 4 all maintain the same OTCF Floor values, with WACM 2 applying the OTCF Floor until the completion of all User</p>
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		<p>Progression Milestones and WACM 4 removing the exemption for certain co-located projects.</p> <p>NESO considers that co-located and multi-stage queue items should be treated consistently with the TMO4+ framework approved by Ofgem in April 2025, which requires each project to meet Gate 2 criteria independently based on its system and network impact. Excluding later-stage or co-located projects would remove projects that contribute to oversupply and operational and transmission issues. We therefore believe that WACM 4 sends the strongest signals to developers of all projects of oversubscribed technologies (including co-located and staged) and therefore, of all the options, best facilitates ACO(iv).</p>
2	Do you have a preferred proposed solution?	<p><input type="checkbox"/>Original</p> <p><input type="checkbox"/>WACM1</p> <p><input type="checkbox"/>WACM2</p> <p><input type="checkbox"/>WACM3</p> <p><input checked="" type="checkbox"/>WACM4</p> <p><input type="checkbox"/>WACM5</p> <p><input type="checkbox"/>WACM6</p> <p><input type="checkbox"/>Baseline</p> <p><input type="checkbox"/>No preference</p>
		<p>As mentioned above, NESO believes that co-located and multi-stage queue items should be treated consistently with the TMO4+ framework and objectives approved by Ofgem in April 2025. Under that approach,</p>

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		<p>co-located and staged projects are considered as separate queue items, each required to meet the Gate 2 criteria independently, reflecting their individual behaviour and impact on system operation and both local and wider network investment requirements.</p> <p>Excluding co-located or later-stage batteries would remove projects that contribute to battery oversupply and create challenges from both a system operation and transmission works perspective. As these projects were not afforded any preferential treatment under TMO4+ or the Progression Commitment Fee, NESO does not consider it appropriate to treat them differently for the purposes of this proposal.</p> <p>There are two options which remove the exemption for certain co-located projects WACM 4 and WACM 6. As mentioned above, we believe that the limiting the OTCF Floor at the level of maximum lifetime cancellation charge security (as per WACM 6) would materially reduce the signal to developers of less viable projects to leave the queue. WACM 4 is therefore NESO's preferred option.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <hr/> <p>We support the proposed implementation approach and agree with the logic of waiting until the Offer Acceptance Period for all Gate 2 offers has ended and all Gate 2 Application to the first Gated Application</p>

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		Window have been assessed before taking a view on the levels of oversubscription for each technology type.
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
		EBR Article 18 refers to the T&Cs for providing balancing services. As this proposal is looking to introduce a new financial mechanism to improve the connections and queue-management processes we do not believe EBR is relevant.