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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:	Nikolaus Evan Reinaldo	
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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 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 <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 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 checked="" 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 checked="" 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 checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM6 <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		<p>CEL accepts that all seven options before the Authority, the Original solution and WACM1 to WACM6, would reduce the volume of Gate 2 connections that NESO and the Transmission Owners must plan for. This supports the efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence (Objective i).</p> <p>CEL does not consider that the Original solution, WACM2 or WACM4 facilitate effective competition (Objective ii). An escalating floor that runs to £25k/MW and is held in place</p>

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		<p>through to energisation does not distinguish a project that is genuinely undeliverable from one that is simply earlier in its financing cycle. In practice, this selects survivors by balance sheet depth rather than by project merit: a well-capitalised Developer can carry the floor indefinitely, while a smaller Developer with an equally viable project may be forced to sell or exit on liquidity grounds alone. That is queue attrition by access to capital, not queue attrition by deliverability, which works against, rather than for, effective competition.</p> <p>CEL's concern applies with equal force to WACM2, since the level of the floor before Milestone 8 is unchanged from the Original solution; a project forced out on liquidity grounds before reaching Milestone 8 receives no benefit from a disapplication it will never live to see.</p> <p>CEL does not consider that WACM1, WACM3, WACM5 or WACM6 facilitate effective competition relative to the current baseline either. Each still calculates a financial floor from aggregate national oversubscription rather than from individual project merit, and so still places a burden on capital-constrained Developers irrespective of project viability. CEL nonetheless considers the impact of these four options on Developers and consumers to be materially less severe than under the Original solution, WACM2 or WACM4. CEL therefore agrees that WACM1, WACM3, WACM5 and WACM6 better facilitate effective competition relative to the Original solution, WACM2 and WACM4 specifically, rather than relative to 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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		<p> <input type="checkbox"/> WACM3 <input type="checkbox"/> WACM4 <input checked="" type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference </p> <p> CEL's Workgroup Consultation response objected to the Original solution on two specific grounds: </p> <ul style="list-style-type: none"> • the escalation of the securities floor to a maximum of £25k/MW, and • the application of that floor through to project energisation. <p> Neither concern has been resolved in the version of the Original solution now before the Authority. The floor still escalates to £25k/MW and the end point remains energisation. </p> <p> WACM5 is, in CEL's view, the only option on the table that addresses both of these concerns, through three distinct design features taken together. </p> <ol style="list-style-type: none"> 1. Level. The two-tier rate structure (£1k/MW rising to £4k/MW pre-Trigger Date; £2k/MW rising to £8k/MW post-Trigger Date) sits far closer to the £1.5k/MW to £3k/MW range CEL proposed than the Original solution's £3k/MW to £25k/MW range. 2. Proportionality for projects with low baseline securities. CEL considers that only those projects directly responsible for incurring additional network costs should, in principle, be required to bear a charge of this kind. Setting a
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		<p>project-specific cap, limiting the OTCF to the maximum security a project would have faced in any event, absent CMP470, implicitly addresses this concern by a different route than the one CEL originally proposed. Capping by maximum security exposure protects projects that have opted into low-cost connection arrangements, such as fixed or technical limit connections, from the floor becoming their dominant financial obligation, preserving the commercial benefit such projects secured by joining the queue earlier and triggering less network reinforcement. CEL considers this principle should be honoured, rather than displaced by a blanket charge calibrated only by reference to a Developer's balance sheet depth.</p> <p>3. Timing and end point. WACM5 disappplies the OTCF once a project has met all User Progression Milestones up to and including Milestone 8 (start of construction), rather than running the floor to energisation. This is consistent with the graduated disapplication CEL proposed, albeit structured as a single milestone trigger rather than CEL's original two-step approach (a 50% reduction at equipment order, full disapplication at groundworks). CEL considers a single, well-evidenced milestone trigger preferable to no milestone relief at all, and notes that Milestone 8 already requires demonstrable evidence of construction start, which goes some way to addressing the gaming-risk concern raised by the Original Proposer.</p>
3	Do you support the proposed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	implementation approach?	CEL supports the proposed implementation approach on the condition that the underlying G2tWQ (CMP435) and first Gated Application Window (CMP434) timelines are not subject to further slippage.
4	Do you have any other comments?	<p>A. Incorporating WACM4's treatment of co-located and staged projects into WACM5</p> <p>Although CEL's preferred outcome remains WACM5, CEL would like to record its support for incorporating the principle underlying WACM4 into WACM5: that co-located and staged projects of an oversubscribed technology should remain liable for the OTCF regardless of whether the second or subsequent connecting technology triggers no additional Attributable Works or connection costs.</p> <p>CEL fully recognises that the conditional exemption set out in the Original solution, refined through the connection-date sequencing test, the £250k Attributable Works and connection cost threshold, and the no-increase-in-TEC condition, represents a significant improvement on the version considered at Workgroup Consultation stage, setting out specific, evidence-based criteria that hybrid projects must meet to demonstrate they impose no additional network burden.</p> <p>However, CEL considers that the underlying issue identified by NESO in proposing WACM4 is not resolved by that refinement, and is in fact reinforced by the Proposer's own evidence elsewhere in this consultation. At page 30, the Proposer states that of the circa 83GW of BESS that have received protected Gate 2 status, only 15 to 30GW is likely to be economically viable by 2035 according to independent market models, meaning 55 to 70GW, while technically feasible, is unlikely to be financially sustainable. The same evidence explains why: a project's revenue forecast is typically built on reference-case assumptions consistent</p>

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	<p>with a CP30-aligned build-out of around 30GW, and that forecast becomes invalid the further down the connection queue a project sits, since each additional GW of capacity ahead of it cannibalises the revenue available to it.</p> <p>A co-located battery is not exempt from this economics by virtue of being co-located. Its position in the connection queue, and therefore its exposure to revenue cannibalisation from the wider oversubscribed pool, is unrelated to whether the second-connecting technology happens to trigger additional Attributable Works, an increase in Transmission Entry Capacity, or costs above £250k. Exempting it from the OTCF on network-cost grounds alone gives it preferential treatment relative to an equally placed standalone project, not because it is any more commercially viable, but because the exemption test measures network impact rather than the underlying defect, oversubscribed MW capacity cannibalising revenues across the queue, that CMP470 exists to address.</p> <p>CEL considers this inconsistent and, in practical effect, unfair to standalone Developers exposed to the same revenue economics without the benefit of an equivalent exemption. CEL therefore supports WACM5 being amended to adopt WACM4's approach of removing the conditional exemption, so that the OTCF's lower, tiered levels, project-specific cap and Milestone 8 disapplication apply consistently to all capacity of an oversubscribed technology, co-located or standalone.</p> <p><u>B. Bringing the OTCF forward in time, capped at each project's own securities exposure</u></p> <p>A separate issue facing the industry at present is the number of projects with connection dates far in the future that currently hold only a fixed security profile, capped until</p>
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	<p>Trigger Date. CEL considers this raises two distinct questions, the timing at which a meaningful security obligation falls due, and the absolute amount of that obligation, and CEL's position differs on each.</p> <p>On timing, CEL agrees that a project not required to lodge meaningful security until close to a connection date that may be many years away has little incentive to reassess its own economic viability in the intervening period, which is likely to slow natural attrition from the queue. CEL agrees that bringing a securities obligation forward, in the form of the OTCF, is a reasonable response to this, since it incentivises Developers to reassess the economic viability of their projects earlier than the existing securities framework alone would require.</p> <p>On amount, however, CEL does not agree with ramping the securities floor up to £25k/MW. An obligation of that size penalises every project of the relevant technology uniformly, including those that secured an earlier and more efficient point of connection, and which consequently trigger less Attributable Works than later entrants to the same queue. CEL does not consider it appropriate for the OTCF to convert an initially viable project into a non-viable one purely because that project cannot keep pace with a security ramp profile designed to reach £25k/MW, irrespective of its own network impact or its own pre-existing securities exposure. CEL supports instead linking the maximum OTCF obligation to each project's own maximum forecast securities exposure across its lifecycle, rather than to a universal ceiling common to the technology as a whole.</p> <p>CEL recognises that CMP470, in any form, carries some degree of competition impact that favours well-capitalised Developers over capital-constrained ones, as set out in CEL's response to Question 1. Notwithstanding that, CEL considers that capping the OTCF at each project's own maximum</p>
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5	<p>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?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <hr/> <p>CEL agrees.</p>