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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:	Ciaran Fitzgerald	
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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

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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
		Although the Original and each WACM are different – when assessed relative to the baseline and against the applicable objectives, we have assessed that the fundamentals of the comparison are the same. Therefore, we have assessed the Original and each WACM in the same way – as better facilitating AO iv) and being neutral for the other AOs. AO i) We agree with the proposer that the proposal is neutral against this objective. AO ii) There have been conflicting arguments through the workgroup and workgroup consultation responses that introducing the OTCF would either negatively or positively

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		<p>impact competition. We can understand elements of each argument but do not agree with either position and have marked this as neutral accordingly.</p> <p>AO iii) We agree with the proposers' rationale and believe the Original and each of the WACMS are neutral against this objective.</p> <p>AO iv) The aims and objectives of implementing Connections Reform are well documented and understood, and we are supportive of the need for, and structure of, the reforms. However, an unintended consequence of the protections introduced has been the impact on the BESS capacity in the Gate 2 Queue, which will be counterproductive to the aims of the reforms and the CP30 mission. If the introduction of the OTCF can enable a more efficient, streamlined queue, which contains a higher proportion of viable projects, it will enable NESO to manage the queue more efficiently, with less waste, less requirement for re-work and enable better use of resources.</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>In light of NESO's decision not to disapply protections to BESS projects in order to manage oversupply, we believe there needs to be a sufficiently robust OTCF introduced to reduce</p>

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		<p>the oversupply and enable the Gate 2 queue to operate as intended. We would not want the OTCF to be overly punitive as to deter viable projects from progressing and potentially lead to undersupply, however, we believe the Activation and De-activation thresholds suitably mitigate that risk. We have assessed the Original and each WACM as per the rationale below:</p> <p>Original – We are supportive of the structure, design and upper and lower limits of the Original. However, we have concerns about the issued raised by the Network Companies during the workgroup discussion with regards to the exemption for certain hybrid projects. We believe that including this exception within the final solution could adversely impact the effectiveness of the OTCF.</p> <p>WACM1 – We were also largely supportive of WACM1 but believed the changes to the securities floor could reduce the effectiveness of the OTCF. This WACM also included the hybrid exemption meaning we did not feel it was the optimal solution.</p> <p>WACM 2 – We believe the changes proposed in WACM2, relative to the Original, would have limited impact on the outcomes. However, given the inclusion of the hybrid exemption, and the reduced timescales for the requirement versus the Original (albeit limited), we did not believe this was the optimal solution.</p> <p>WACM 3 – We believe the maximum OTCF of £8k/MW in WACM 3 would not be sufficiently high to have the desired impact.</p> <p>WACM4 – This was our preferred solution as it included the benefits of the Original and did not include for the exemption for hybrid projects. We believe this will mean it will have the</p>
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		<p>most significant impact and best facilitate the reduced oversubscription of technologies.</p> <p>WACM 5 - We believe the lower structure of the OTCF increases, and the maximum value of £8k/MW, would not be sufficiently high to have the desired impact.</p> <p>WACM 6 - As WACM6 had a reduced securities floor, we believe this would have a reduced impact relative to WACM4 and therefore this was not our preferred solution.</p>
3	Do you support the proposed implementation approach?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Ideally, the modification would have been implemented in time for the OTCF to be included in Gate 2 offers. However, given the timelines for Gate 2 offers being issued makes that impossible, we agree that it would be unfair to introduce it into some User's contracts on receipt of a Gate 2 offer but not others. The practical implementation approach set out by the Original, and unchanged by our preferred option of WACM4, takes a pragmatic view on the likelihood of significant attrition (unsigned Gate 2 offers) through both the CMP435 and first CMP434 windows. We understand the proposer's reasoning for this practical application approach, however we would raise the following:</p> <ul style="list-style-type: none"> We agree that it is essential that OFGEM make and communicate an unambiguous decision prior to Gate 2, Phase 1 offer being due for signature, as set out by the proposer. This will allow those projects to make an education decision on whether to accept their offers, should the prospect of the OTCF impact on that decision.

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		<ul style="list-style-type: none"> • We agree that any decision to rely on the CMP434 Gated window's carries inherent risk of causing open-ended delays, given the lack of direction from NESO on the proposed timeline for the new window. • Noting this and given the need for the benefits of the OTCF to be realised quickly, we would argue against any link to the CMP434 Gated window for practical implementation. We do not believe waiting for the first CMP434 window applicants to have had their applications assessed is necessary, and the benefits would not outweigh the negative impacts of such a delay. Instead, we would support a decision to have the practical from the first biannual securities statement after the <i>'final Gate 2 Modification Offers from the (CMP435) G2tWQ application window have either been signed or the acceptance period has ended' only</i>.
4	Do you have any other comments?	<p>As noted in the workgroup report, there are two additional clear and significant benefits to this modification:</p> <ol style="list-style-type: none"> 1. Reduced Cost to Consumers 2. Positive impact on connection dates. <p>In addition to the performance against the applicable objectives, we also support the introduction of an OTCF on this basis. The Transmission Owners are obliged to design the network for all contracted Gate 2 customers. They must therefore expend valuable time and resources designing the network and developing the projects necessary to provide the connections. These requirements will be wide ranging and go beyond network design – the consenting process for new infrastructure, negotiating with landowners, engaging suppliers etc. These costs will not all be covered by the standard User Commitment Methodology (CMP192)</p>

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		<p>securities, particularly when they can be very low for certain projects and at different times in the project lifecycle.</p> <p>Carrying out these activities for non-viable projects also diverts these resources from the viable, needed projects that will help enable the achievement of the CP30 goals. We believe that this instrument is a reasonable step to help curtail the influx of BESS projects which are not strategically aligned (or any other technologies that are significantly oversubscribed in future) and to create a deliverable queue that is more reflective of the projects which will progress to energisation.</p>
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?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We do not believe that this modification impacts the EBR Article 18 terms and conditions held within the Code.</p>