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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:	Jack Lunn	
Company name:	Advance Grid Solutions	
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Phone number:	07825392435	
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 checked="" type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input checked="" 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 checked="" 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 checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM6 <input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		I remain unconvinced that sufficient justification has been provided for any change, and I have substantive concerns across all the options when considered through the lens of cost reflectivity. Imposing fully securitised commitment charges on works that have yet to materialise does not align with that principle, which is central to the rationale for these arrangements. From that cautious standpoint, the notes above highlight the limited ways in which each

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		<p>option may still offer an improvement relative to the current baseline.</p> <p>Objective (i): neutral. I do not consider any option to provide a stronger fulfilment of the Licensee’s obligations than the status quo.</p> <p>Objective (iii): neutral. The Electricity Regulation is not a determining factor in any of the options.</p> <p>Objective (ii): the Original is clearly anti-competitive. A uniform per-MW securities floor effectively screens developers on balance sheet strength rather than on project quality or deliverability, favouring scale over merit. The only options that materially mitigate this effect are those incorporating a per-project cap (WACM1, WACM5, and WACM6), which at least relate the fee to an individual project’s commitment profile rather than an arbitrary fixed threshold. I have therefore marked (ii) for these three, with WACM5 the least problematic among them.</p> <p>Objective (iv): I accept that any workable variant would reduce the Gate 2 queue and thereby enhance the administrative efficiency of the CUSC framework, and I have reflected this by marking (iv) across all options. However, efficiency achieved by excluding smaller, less well-capitalised but otherwise viable developers represents poor policy design, and it is important that the Panel recognises this trade-off clearly.</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 checked="" type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		<p>My preferred option is WACM5. That said, I do not support CMP470 in principle and remain unconvinced that sufficient justification has been made for any reform.</p> <p>Among the available choices, however, WACM5 is the least problematic. It combines a per-project cap with the removal of charges once Queue Management Milestones are achieved, and applies a two-tier structure that is more accommodating for projects with later connection dates. In doing so, it tempers the anti-competitive effects while still advancing the objective of managing the queue. My support should therefore be understood as a pragmatic choice to minimise harm, rather than a positive endorsement.</p> <p>One further point: regardless of which option is taken forward, the co-located exemption ought to be removed (as proposed in WACM4) to ensure consistent treatment across comparable cases</p>
3	Do you support the proposed	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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	<p>implementation approach?</p>	<p>No. In my view, the position is already too far advanced. BESS developers began entering into Gate 2 offers several months ahead of this consultation, and introducing a new, potentially significant securities requirement at this stage would require investors to revisit decisions that were made without full visibility and to reassess commitments already agreed in good faith.</p> <p>Altering the framework after commitments have been made risks undermining investor confidence, with implications that are likely to extend beyond BESS alone. Regardless of the specific implementation date, applying these changes to projects that are already progressing would, in effect, operate retrospectively, and on that basis I cannot support it.</p>
<p>4</p>	<p>Do you have any other comments?</p>	<p>First, I am concerned about the potential impact on investment. In recent years, BESS developers have faced a series of tightening measures (including Connections Reform, CP30, CMP448, and now CMP470), with limited offsetting incentives. Developers holding Gate 2 offers are unlikely to relinquish them readily, and the introduction of an additional financial pressure may do little to change behaviour, beyond increasing caution and entrenching existing positions. As a result, the modification may have a more limited effect on queue reduction than intended, while adding cost and uncertainty across the board.</p> <p>Second, there are questions around cost reflectivity. Requiring fully securitised liabilities for works that have not yet been delivered does not sit comfortably with established principles. Historically, grid connection arrangements have reflected the benefits of good project siting, allowing developers to compete on location and project quality, which has been an appropriate and effective driver of outcomes.</p>

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		<p>Just because another party identified a lower-cost connection point earlier does not, in itself, justify revisiting established arrangements. Some of the rationale behind this proposal risks appearing reactive rather than grounded in clear policy principles.</p> <p>Third, and of greater concern, there are potential issues around competition and discrimination. Although presented as an ‘Oversubscribed Technologies Commitment Fee’, in practice it is likely to fall predominantly on BESS for the foreseeable future. A measure that is formally technology-neutral but disproportionately impacts a single class of technology raises questions in relation to the principles of non-discrimination and the promotion of effective competition that underpin the CUSC framework.</p> <p>Finally, on design: if a version of this modification is taken forward, any exemptions should be carefully reviewed. The co-located exemption in the Original risks introducing distortions and unintended behaviours. Whichever option is adopted, it would be preferable to remove such carve-outs to ensure consistency and reduce the potential for gaming.</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 type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>No, not without some reservation. While CMP470 does not formally alter the Article 18 terms governing balancing services within the Code, the absence of a direct textual amendment should not be taken to mean there is no practical effect.</p> <p>By introducing a balance-sheet threshold that is likely to fall most heavily on battery storage—an important technology for system balancing and flexibility—the proposal may influence the composition of future balancing service providers, potentially narrowing the field and favouring larger, established participants. The Workgroup’s conclusion that there is no relevance to the Electricity Balancing Regulation appears to understate these indirect but meaningful impacts on</p>

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		competition, liquidity, and market entry. In that sense, even if Article 18 is not directly engaged, the wider objectives of the EBR are not unaffected
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