

Public

## 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](mailto: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](mailto:cusc.team@neso.energy)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Matthew Paige-Stimson	
<b>Company name:</b>	National Grid Electricity Transmission plc	
<b>Email address:</b>	Matthew.paige-stimson@nationalgrid.com	
<b>Phone number:</b>	Click or tap here to enter text.	
<b>Which best describes your organisation?</b>	<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 type="checkbox"/> System Operator <input checked="" type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

Public

**I wish my response to be:**

(Please mark the relevant box)	<input checked="" type="checkbox"/> <b>Non-Confidential</b> ( <i>this <u>will be shared</u> with industry and the Panel for further consideration</i> )
	<input type="checkbox"/> <b>Confidential</b> ( <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;*

## Public

- 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.

Public

**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 checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM1 <input checked="" 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 type="checkbox"/> iv <input checked="" type="checkbox"/> None
		WACM4 <input checked="" type="checkbox"/> i <input checked="" 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 type="checkbox"/> iv <input checked="" type="checkbox"/> None
		WACM6 <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		<p>NGET supports the intent of this proposal. It is well intended to reduce the level of oversubscription, but our main concern is whether the proposals can deliver the desired impact - at the required pace and scale.</p> <p>Connections Reform is intended to improve the queue for all parties by focusing investment and delivery on projects that are genuinely ready and needed. This proposal identifies a clear issue: current arrangements have allowed for material oversubscription of some</p>

Public

	<p>technologies. If Connections Reform is to deliver its intended benefits, addressing this issue is vital.</p> <p><b><u>Too low and too slow</u></b></p> <p>As the Workgroup Report notes, Battery Storage is currently 208.8% oversubscribed. To manage oversubscription at this scale, a suitably strong signal, applied as quickly as possible, would support meaningful attrition and benefit all queue parties.</p> <p>However, the Original and all alternatives, propose a gradual back-loaded approach, with the OTCF signal increasing over time. We do not object to that principle in itself, but note that the initial OTCF proposal started much higher, at £10k/MW, and was reduced to £3k/MW. We note that the Workgroup Report provides no analysis or rationale for this change, beyond stating that the Proposer responded to Workgroup feedback.</p> <p>We recognise that £3k/MW may be appropriate for technologies that become oversubscribed in future, however, it does not reflect the level of oversubscription already present today. Under this methodology, it would take 12 months to return to the original £10k/MW floor. A much weaker starting signal that may not drive the level of attrition needed to address current oversubscription.</p> <p><b><u>Preferred option: WACM6</u></b></p> <p>Against this backdrop, we consider that WACM6 presents the best option overall.</p> <p>We recognise that following Workgroup Consideration the Original now exempts some low-cost co-located projects, where the oversubscribed technology</p>
--	--

Public

		<p>connects later, adds no TEC, and has less than £250k of attributable or connection costs.</p> <p>We prefer WACM6 because it applies consistently to standalone and co-located storage, while providing appropriate relief for projects in construction with material levels of securities arising. That broader scope matters because storage can create wider system impacts beyond local attributable connection works. WACM6 therefore better meets Objectives (i) and (ii), while being no worse against administration Objective (iv).</p> <p><b><u>We do not support WACM1, 2, 3, 4, or 5.</u></b></p> <p>Our precise views against each of these WACMs is outlined below in response to Q4.</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 type="checkbox"/>WACM4</p> <p><input type="checkbox"/>WACM5</p> <p><input checked="" type="checkbox"/>WACM6</p> <p><input type="checkbox"/>Baseline</p> <p><input type="checkbox"/>No preference</p> <p>We refer to our Q1 response</p>
3		<input checked="" type="checkbox"/> Yes

Public

	<p>Do you support the proposed implementation approach?</p>	<p><input type="checkbox"/> No</p> <p>We agree that codified implementation, 10 business days after Authority decision, is appropriate.</p> <p>Given the current level of oversubscription, we consider that the OTCF mechanism should activate automatically for technologies already identified as oversubscribed once the modification is implemented.</p> <p>Where other technology categories become oversubscribed in future, and where levels may be more marginal or volatile, transparency around activation timing may be helpful.</p> <p>For the technology already materially oversubscribed today, however, we consider automatic activation following implementation (without NESO discretion) to be the clearest and most effective governance approach.</p>
4	<p>Do you have any other comments?</p>	<p><b><u>Views against WACM1, 2, 3, 4, &amp; 5</u></b></p> <p><b>WACM1</b> WACM1 has merit because it limits upper securities to construction-led spend. However, by mirroring the Original, it excludes a significant amount of co-located storage. This makes it marginally better than the Original against Objectives (i) and (ii), and no worse against Objective (iv), but weaker overall than WACM6.</p> <p><b>WACM2</b> WACM2 excludes co-located storage, making it</p>

Public

	<p>weaker than WACM4 and WACM6. We are also concerned that ending the OTCF as soon as construction starts could weaken the commitment signal too early, before project spend-driven securities rise above the OTCF level. WACM2 does not limit OCTF to the maximum project securities amount which for projects in construction seems inappropriate. We therefore do not consider WACM2 to better meet Objectives (i) and (ii) than the Original or other alternatives, although it is no worse against Objective (iv).</p> <p><b>WACM3</b></p> <p>WACM3 starts lower and remains lower throughout. It is therefore weaker than the Original and less likely to drive meaningful attrition at the pace needed. WACM3 does not limit OCTF to the maximum project securities amount which for projects in construction seems inappropriate. We consider it the least effective option against the core aims of the proposal and do not believe it better meets Objectives (i), (ii) or (iv).</p> <p><b>WACM4</b></p> <p>WACM4 improves on the Original by including all co-located technology. However, it does not provide the same protection as WACM6 for projects already in construction, where higher securities may exceed what the project spend profile would otherwise require. WACM4 does not limit OCTF to the maximum project securities amount which for projects in construction seems inappropriate. We therefore consider WACM4 better than the Original, WACM1 and</p>
--	--

Public

	<p>WACM2 against Objectives (i) and (ii), but not as effective as WACM6.</p> <p><b>WACM5</b></p> <p>WACM5 introduces a stepped change in OTCF rates around the Trigger Date. We are concerned this could distort behaviour and reduce the strength of the signal for near-term projects that may still be non-viable. This risks delaying attrition and creating inconsistent incentives. For these reasons, we do not believe WACM5 better meets Objectives (i), (ii) or (iv) than the other options.</p> <p><b><u>Wider views:</u></b></p> <p><b>Speed of Implementation and impact</b></p> <p>For networks, key design decisions are taken well ahead of energisation, including whether new substations are required and the choice of technology. These decisions are difficult to reverse without affecting delivery times, costs, and potentially other developers.</p> <p>This timing is particularly important because Ofgem and DESNZ have been clear that Planning and Infrastructure Act powers are exceptional and time-limited (due to expire around December 2028). Given the proposed implementation of CMP470 from the October 2027 securities period, there may be only around 14 months for the mechanism to reduce oversubscription before those powers fall away.</p> <p>We cannot wait 12 months to bring us back to the originally proposed £10k/MW threshold – and for the potential of attrition to take place. Earlier signals on oversubscription would help networks make those</p>
--	---

## Public

	<p>design choices with better information from the outset, improving planning efficiency and reducing the risk of costly later adjustments.</p> <p>By way of context, in NGET’s transmission area around seven projects per year have terminated on average since CMP192 was introduced. At that rate, it would take over 10 years to remove all unprotected battery projects contributing to oversubscription, excluding those behind the meter. This underlines the need for CMP470 to deliver timely and effective attrition.</p> <p><b>Level of starting OTCF parameter value</b></p> <p>For technologies that are already materially oversubscribed, such as BESS, a uniform gradual escalation may not be enough. We consider that the mechanism would have been more effective if there had been a higher starting OTCF level for BESS better reflecting the degree of oversubscription today, applying a stronger signal given oversubscription is already severe.</p> <p>We ask that Ofgem also consider whether other approaches, such as modelling developer sensitivity to different OTCF rates, would help identify a more effective starting point. We do however recognise that any alternative approach would need further assessment, further delaying improvement of the current situation.</p> <p><b><u>Indexation</u></b></p> <p>We believe NESO should keep the parameter values under review to ensure the mechanism remains effective in real terms over time.</p>
--	---

Public

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
		We agree that the modification does not impact EBR Article 18 terms and conditions.