

Public

CUSC Alternative Form – Non Charging

CMP448 Alternative Request 9: Maximum cap on Progression Commitment Fee liability

Overview: Introducing a maximum cap on Progression Commitment Fee liability to prevent punitive impact on large-scale projects such as offshore wind farms with significantly higher development expenditure and security requirements within the Progression Commitment Fee window.

Proposer: James Wylie, EDF Renewables

☒ I/We confirm that this Alternative Request proposes to modify the non - charging section of the CUSC only



Public

What is the proposed alternative solution?

This alternative introduces a maximum cap on the PCF, acting as a ceiling on the total PCF liability for a single project. This is necessary because the current proposal punitively affects large-scale projects such as offshore wind where development expenditure (DEVEX) and overall security requirements in the window between receiving a Gate 2 offer and submitting planning are significantly higher. The timescale for which these projects remain in this window is also considerably longer meaning they are likely to be carrying the cost of securities for the maximum £10,000/MW PCF amount for long periods of time.

This alternative aims to avoid the PCF securities becoming a significant proportion of overall DEVEX during the Gate 2 to consent submission window. The cap should be set at a level commensurate with wider DEVEX exposure for these types of projects in the PCF window. We propose the cap therefore be set at 10% of the average DEVEX of an offshore wind farm prior to consent submission.

We propose that NESO conducts a survey of offshore wind developers, with support from the trade associations, to determine an average DEVEX value for the Gate 2 to consent submission window. To ensure that the maximum PCF cap remains effective, NESO will periodically review it alongside the review of the trigger threshold (every 5-year metric period).

Given how crucial these large-scale projects are to the deliverability of Government's Clean Power 2030 ambition, it is crucial that the punitive impact of the PCF on these projects is mediated.

What is the difference between this and the Original Proposal?

The difference between this alternative and the Original proposal is that it will introduce a ceiling on total PCF liability. Once a project hits the maximum PCF cap, PCF liability and associated security requirements will not exceed the cap until consent is submitted, and the project is no longer subject to the PCF.



Public

What is the impact of this change?

This alternative will prevent the PCF from having unintentionally negative impacts on the large-scale projects such as offshore wind farms that are crucial to the Government's Clean Power 2030 ambition.

Proposer's assessment against CUSC Non-Charging Objectives	
Relevant Objective	Identified impact
(i) The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;	Positive Ensures that large-scale viable projects are able to progress to deployment.
(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;	Positive Mediating against large-scale projects being subject to punitive levels of securities.
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	Neutral -
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive This alternative provides a simple and easily administered solution to mediate the punitive impact of the PCF on large-scale projects.

* 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

Public

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.

When will this change take place?

Implementation date:

Same as the Original proposal (Q4 2025).

Implementation approach:

Ahead of the implementation of the PCF into the CUSC (Q3 2025) NESO, with support from relevant trade associations, to conduct a survey of offshore wind farm developers to ascertain average DEVEX for the PCF window (Gate 2 to consent submission). This value will be used as the basis for the cap for the initial metric period.

Acronyms, key terms and reference material

Acronym / key term	Meaning
PCF	Progression Commitment Fee
DEVEX	Development Expenditure