

Public

## Workgroup Consultation Response Proforma

### CMP448: Introducing a Progression Commitment Fee to the Gate 2 Connections Queue

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@nationalenergyso.com](mailto:cusc.team@nationalenergyso.com) by **5pm** on **07 April 2025**. 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 Joe Henry [Joseph.henry2@nationalenergyso.com](mailto:Joseph.henry2@nationalenergyso.com) or [cusc.team@nationalenergyso.com](mailto:cusc.team@nationalenergyso.com)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Robin Prince	
<b>Company name:</b>	Island Green Power	
<b>Email address:</b>	Robin.prince@islandgp.com	
<b>Phone number:</b>	07899438928	
<b>Which best describes your organisation?</b>	<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

**I wish my response to be:**

(Please mark the relevant box)

☒ **Non-Confidential** (*this will be shared with industry and the Panel for further consideration*)

Public

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Workgroup, Panel or the industry for further consideration)

**For reference the Applicable CUSC (non-charging) Objectives are:**

- a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence\*;
- b) 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;
- c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency \*\*; and
- d) Promoting efficiency in the implementation and administration of the CUSC arrangements.

\* See Electricity System Operator Licence

\*\*The Electricity Regulation referred to in objective (c) 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 questions 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;
- 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

## Public

*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 ESO should have terms and conditions developed for balancing services, which are submitted and approved by Ofgem.

**Please express your views in the right-hand side of the table below, including your rationale.**

### Standard Workgroup Consultation questions

1	Do you believe that the Original Proposal and/or any potential alternatives better	Mark the Objectives which you believe the Original Solution better facilitates than the current baseline:	
		Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D

## Public

	facilitate the Applicable Objectives versus the current baseline?	I believe this proposal is neutral for all. Whilst the proposal may encourage Developers/Generators to be clearer in their requests for Gate 2 and to reduce or remove TEC at an earlier stage possible; improving the efficiency of the current network. This will reduce competition within the market and will increase the administration workload for NESO
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>I believe the implementation of this code modification should be more in line with the implementation of CMP435. The impact this code modification has may be a deciding factor as to what developers apply for in the first application window.</p>
3	Do you have any other comments?	<p>To be clear the proposal as a whole, I do not believe that this proposal is needed. The problem that this modification is stated to be solving is already being solved by the introduction of CMP434 and 435, mainly with the M1 milestone moving to a forward looking milestone. The time frames included within this for each of the planning regimes are reasonable, allowing most projects enough time to prepare the kick-off for the projects and to prepare a comprehensive planning application.</p> <p>Most of the reductions in capacity during this period of a project's development will be down to judgement calls, made by the developer in tandem with planning experts and the relevant planning authority.</p> <p>This being said, something the proposal does have the potential to improve the accuracy of how developable the land is that developers enter into Gate 2 with. It is on that basis that I will be reviewing this proposal.</p>

## Public

4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<div> <input checked="" type="checkbox"/> Yes (the request form can be found in the <a href="#">Workgroup Consultation</a> Section)         </div> <div> <input type="checkbox"/> No         </div> <div> <p>I will be looking to raise an alternative or several alternatives with a mixture of the following changes from the original:</p> <ol style="list-style-type: none"> <li>1. PCF to apply from offer acceptance -removal o Trigger Metric, Trigger Threshold and Queue Health.</li> <li>2. Align payment with Section 15 security payments</li> <li>3. PCF on acceptance set at £0/Mw until next security payment which would initially set PCF at £100/MW</li> <li>4. This would then double eery payment up to a cap of £6,400/MW</li> <li>5. The PCF would be net of securities</li> </ol> <p>I believe that the PCF should apply to all in the queue, otherwise it loses its effectiveness of its objectives. An exponential security encourages developers to survey land available as soon as possible to establish the viability of the land selected to go through Gate 2. It would be unfair to projects with high securities to have to pay further securities.</p> </div>
5	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	<div> <input checked="" type="checkbox"/> Yes         </div> <div> <input type="checkbox"/> No         </div> <div> <p>I foresee no impact to the EBR</p> </div>

## Public

--	--	--

### Specific Workgroup Consultation questions

6	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the duration of the fee? Please provide the rationale for your views.	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No
		<p>I agree that the Original Proposal has the correct duration. Any reduction of the Installed Capacity or TEC post M1 would likely be due to decisions made the planning authority, therefore I believe projects should not be punished for reductions in size that are out of their control. Having said this, there is the risk of developers playing the game a little and not notifying NESO of the reduction in Installed Capacity expected until post M1 even if they were aware of it pre-M1.</p>
7	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the <b>profile and timing of the fee</b> ? Please provide the rationale for your views.	<input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No
		<p>I disagree with the Original Proposal as it currently stands. A standard sum every 6 months does not encourage developers to get out the queue as quickly as possible, whereas a fee that is exponential increases the incentive to reduce capacity or remove project entirely as early as possible.</p> <p>The timing of the fee only being triggered based on a trigger metric, seems to only really punish those that</p>

## Public

		<p>stay in the queue and not those who are exiting the queue and impacting the health of the queue. I am of the belief a fee should be applicable to everyone from contractual date (without a trigger metric) and should be timed to be in line with security rounds. If it was timed differently to the Section 15 security rounds this would significantly increase the administration work for NESO to implement the PCF.</p>
8	<p>Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding <b>the Trigger Metric</b>? Please provide the rationale for your views.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>I disagree with the current Trigger Metric. This seems to be an arbitrary measure of the queue and does not relate to too much. Having a Trigger Metric also encourages developers to submit Gate 2 applications for projects that may not have the correct funding to develop the projects to M1 without fear of penalisation.</p>
9	<p>Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding <b>the Trigger Threshold</b>? Please provide the rationale for your views.</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>I disagree with the current Trigger Metric. This seems to be an arbitrary measure of the queue and does not relate to too much. Having a Trigger Metric also encourages developers to submit Gate 2 applications for projects that may not have the correct funding to develop the projects to M1 without fear of penalisation.</p>

## Public

10	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the <b>Trigger Activation Governance</b> ? Please provide the rationale for your views.	<div> <input checked="" type="checkbox"/> Yes            <input type="checkbox"/> No       </div> <p>I generally agree with the principles around the Trigger Activation Governance. However, I believe this could be expedited slightly, so that Ofgem have less time to override the NESO decision. It may also be the case, dependant on what point that the decision is made by NESO, that if a project wishes to reduce down it's TEC before PCF Activation (but not wish to totally exit the queue) the window to do this may have been missed and having to wait for 6 months until the next window opens. The 3 month window for projects to exit should be reconsidered.</p>
11	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the <b>£/MW value of the fee</b> ? Please provide the rationale for your views.	<div> <input type="checkbox"/> Yes            <input checked="" type="checkbox"/> No       </div> <p>The value is relatively arbitrary and has little effect as a single figure increasing. It more serves as a barrier to entry rather than encouragement to go into Gate 2 with as viable a project as possible.</p> <p>A project naturally changes in the early stages of development, especially after initial surveys. Therefore, a neater solution may be to have a much lower value to begin with, which exponentially increases over time to a specific cap, when projects have the most certainty prior to achieving M1.</p>



## Public

12	<p>Do you agree or disagree with the methodology presented to the Workgroup by NESO regarding <b>safeguarding considerations</b>? Please provide the rationale for your views.</p>	<div> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No         </div> <p>I agree that a cap should be put in place for safeguarding. However, not enough consideration has been given for projects that solely fund the PCF through equity, with no debt financing. For DEVEX the risk profile is much higher. This couple with most developers apart from the large utility companies funding through equity means the RRR would be much higher than the 8% with a minimum of 15-20%.</p> <p>The safeguarding has not taken into consideration of a project using it's whole allowable timeline for meeting M1, which could be up to 5 years. This would look considerably different for these types of projects.</p>
13	<p>Do you agree or disagree with the current outline for <b>projects that would be within scope of the PCF</b> (Progression Commitment Fee)? Please provide your rationale.</p>	<div> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No         </div> <p>I agree with the projects within scope of the PCF</p>
14	<p>Do you agree with the Proposer's approach to <b>demand projects</b>?</p>	<div> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No         </div>

## Public

	Please provide your rationale.	I believe demand should be included within scope of the PCF as well, especially if CMP417 is approved. However, I recognise the great financial burden that Final Sums brings to a developer.
15	Do you agree with the <b>PCF</b> (Progression Commitment Fee) <b>scenarios</b> put forward by the Proposer? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		The PCF scenarios presented are reasonably comprehensive.
16	Do you agree with <b>definition of Queue Health</b> put forward by the Proposer? Please provide your rationale.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		The definition of Queue Health is still not clear. This needs to be linked to the clear Trigger Metric or under an alternative if there is no Trigger, there would not need to be a definition for Queue Health.
17	Do you agree that the Proposal adequately takes into consideration the <b>interface with embedded and distribution connected projects</b> ? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		The current timelines for reaching M1 for an embedded project are completely unrealistic. With projects required to meet it within 2 months. It is therefore, usually a negotiation between the developer and the DNO to set an appropriate M1 milestone. This could be several years in the future, especially if the project has connection date much further into the future. If the PCF were to apply to embedded projects this would encourage them to progress with their projects sooner

## Public

		as well. It would then be down to the DNO to make sure they are ready to connect the project in an appropriate time frame. The DNOs not being ready is a slight higher risk to developers at the embedded level as most projects will be TCPA and therefore, have a shorter period in which they need to start construction (3 years).
18	Do you have any views on any of the <b>initial potential alternatives</b> considered by the Workgroup? Please indicate which ones you support or do not support and where possible please provide your rationale.	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The PCF needs to apply to Embedded Projects just as it does to directly connected projects. Otherwise this provides for a two tier system that is biased towards one type of connection.</p> <p>Potential Alternative 2 should still be considered. Replacement projects are occasionally used but I do not believe they are common practice.</p> <p>Potential Alternative 3 is seriously overly complicated. Using the 18 ETYS zones has no relevance to state of the industry currently, which is moving from a whole system approach to 11 zones within CP30. Doing it within zones makes it more difficult to incorporate embedded projects to the scope of code mod as the DNO areas do not match up with the transmission zones.</p> <p>Potential Alternative 4 seems to punish projects that stay in the queue and are progressing more than projects that decide to select out of the queue. Even though the money will be returned once M1 is met, the cash or other liability is still seen as going out the door for the duration of development.</p>

## Public

		<p>Potential Alternative 5 does have some merit. However, as previously stated, this would be difficult to implement with the DNO regions not aligning with the transmission regions.</p> <p>Potential Alternative 6 leaves the door open for preferential treatment of certain technologies, which does not create for a fair market environment reducing investor confidence in some renewable technologies (which are still needed for net zero).</p> <p>Depending on the more detailed explanation of Potential Alternative 7, it may have some merit.</p> <p>Potential Alternative 8 is very promising. I believe that the PCF should be net of securities and therefore, the levels of security should be taken into consideration especially where they are higher than what the PCF would otherwise be. I also agree the PCF should be recalculated with a higher RRR. However, I believe this should be a minimum of 15% and potentially even higher.</p>
		<p>Click or tap here to enter text.</p>