

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 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 or cusc.team@nationalenergyso.com

| Respondent details | Please enter your details | |
|--|---|---|
| Respondent name: | Gethyn Howard | |
| Company name: | Aggreko IPP Solutions Europe | |
| Email address: | Gethyn.Howard@aggreko.com | |
| Phone number: | Click or tap here to enter text. | |
| 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 |

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 checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D |

Public

| | | |
|---|---|--|
| | facilitate the Applicable Objectives versus the current baseline? | Broadly speaking, the introduction of the PCF aids the in implementation of the aspirations of connections reform. We do however provide comments later on which assets should be covered by this requirement. |
| 2 | Do you support the proposed implementation approach? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No, we have concerns which the approach which we outline in question 8 and 13. |
| 3 | Do you have any other comments? | Click or tap here to enter text. |
| 4 | Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider? | <input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/> No Click or tap here to enter text. |
| 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? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

Specific Workgroup Consultation questions

Public

| | | |
|---|--|---|
| 6 | <p>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.</p> | <div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <p>We would highlight our comments in questions 8 and 13 below but would also question the value in the Cumulative trigger total resetting every 5 years. The health of the connection queue will not be fixed and will be a 'living' thing. Reducing this to an annual reset will mean that projects with longer M1 timeframes will not need to unnecessarily tie up capital via securities where the queue health improves early on under the current 5 year proposal.</p> |
| 7 | <p>Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the profile and timing of the fee? Please provide the rationale for your views.</p> | <div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <p>See comments above in question 6.</p> |

Public

| | | |
|---|--|---|
| 8 | <p>Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the Trigger Metric? Please provide the rationale for your views.</p> | <div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <p>The proposal seems counter intuitive if the aim is to further remove slow or struggling projects from the Gate 2 offer stage to M1. Developers which are seeking to sell on their project will seek to stay in the queue for as long as possible in order to maximise the time to find a buyer whilst avoiding paying the PCF. Gate 2 exits would likely only be as a last resort so the PCF does not appear to be a sufficient deterrent to address the perceived issue.</p> <p>We do also not support the PCF once implemented staying active in perpetuity. Queue health can change over time and 'heal' from earlier poor health. Projects should not be unduly penalised, tying up capital where it is not required to serve a specific purpose. The PCF requirement should therefore be able to be switch on and off as appropriate.</p> |
| 9 | <p>Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the Trigger Threshold? Please provide the rationale for your views.</p> | <div> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <p>We are supportive of the intention for viable projects that can be brought forwards plugging the gap in the queue left by leaving projects. What is less clear is why the net trigger threshold should be set at 5%/6000MW as opposed to another figure such as 10% for example.</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 Trigger Activation Governance ? Please provide the rationale for your views. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text. |
| 11 | Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the £/MW value of the fee ? Please provide the rationale for your views. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The ramping approach does lessen the impact on smaller developments when compared to the original proposal of a flat rate at £20,000/MW. However, this still disproportionately affects embedded projects which operate to different shorter milestones and therefore have a natural stronger incentive to progress their project. |

Public

| | | |
|----|--|---|
| | | |
| 12 | Do you agree or disagree with the methodology presented to the Workgroup by NESO regarding safeguarding considerations ? Please provide the rationale for your views. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No See above under question 11 regarding the natural incentive on embedded developments. |
| 13 | Do you agree or disagree with the current outline for projects that would be within scope of the PCF (Progression Commitment Fee)? Please provide your rationale. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Acknowledging it adds complexity, the PCF should apply to technologies in pots aligned to those outlined in the CP Action plan. Some technologies are more oversubscribed than others and a blanket approach to PCF implementation does not recognise this. |

Public

| | | |
|----|--|---|
| | | |
| 14 | Do you agree with the Proposer's approach to demand projects ? Please provide your rationale. | <input type="checkbox"/> Yes <input type="checkbox"/> No <p>We understand separate levies/securities apply to demand connections and should therefore be out of scope of this proposal. However, those arrangements should be kept under review to ensure the incentives are sufficiently strong enough to avoid resource being taken away which could be supporting generation connections to support CP2030 and beyond.</p> |
| 15 | Do you agree with the PCF (Progression Commitment Fee) scenarios put forward by the Proposer? Please provide your rationale. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Click or tap here to enter text.</p> |

Public

| | | |
|----|--|---|
| | | |
| 16 | Do you agree with definition of Queue Health put forward by the Proposer? Please provide your rationale. | <input type="checkbox"/> Yes <input type="checkbox"/> No The definition makes sense but the notion itself is very much an arbitrary concept. |
| 17 | Do you agree that the Proposal adequately takes into consideration the interface with embedded and distribution connected projects ? Please provide your rationale. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No We would support Potential Alternative 1 forming part of the solution and exclude all Embedded Projects for simplicity. |

Public

| | | |
|----|--|--|
| 18 | <p>Do you have any views on any of the initial potential alternatives 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 <input type="checkbox"/> No |
| | | <p>See question 17 above.</p> |
| | | <p>Click or tap here to enter text.</p> |