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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:	Alice Varney	
Company name:	Getlink Projects 2 Limited ("Getlink")	
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Phone number:	07785458342	
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 checked="" 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*)

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☐ **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*

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

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	facilitate the Applicable Objectives versus the current baseline?	Getlink welcomes the adjustments which NESO have made to the Proposal in line with market feedback received through the original <i>Call for Input</i> on a potential “Financial Instrument”. Getlink believes that because of these adjustments the nature of the Progression Commitment Fee (PCF) as set out within the consultation is now proportionate to the aims of the mechanism. As a result, the PCF should act to promote the removal of stagnant projects which do not intend to apply for planning consent at a greater pace than seen within the current baseline. In doing so, the PCF should support the delivery of a connections queue characterised by an increasing proportion of viable energy projects leading to better facilitation of competition in the generation of electricity and efficiency in the implementation of CUSC arrangements, as set out in Objectives B and D respectively.
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Getlink supports the introduction of the proposal as outlined within the consultation document, including the need to utilise an “Urgent” timeline. Getlink recognises the advantages associated with implementing the proposal ahead of the finalisation of Gate 2 offers by the end of 2025, ensuring that the proposal applies from the commencement of the Connection Reform and therefore maximising its effectiveness.</p>
3	Do you have any other comments?	Getlink wishes to take this opportunity to reflect our concerns over the timeline associated within this consultation. Whilst we understand and support the need for urgency throughout the development and

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		implementation of this proposal, a consultation period of only 2-weeks will undoubtedly impact the quality and range of stakeholder feedback which can be captured. To promote the quality of both the consultation and the proposal itself, greater time and emphasis must be placed on stakeholder engagement throughout the CMP488 code change process.
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No Getlink does not foresee any impact associated with the implementation of the PCF on the Electricity Balancing Regulation Article 18 terms and conditions.

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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Getlink welcomes the narrowing of the scope of the PCF to focus solely on the period between Gate 2 Agreement and the application for planning consent (MI). We recognise that this period often represents one
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	the rationale for your views.	of the longest durations within the connection process for a new project and is currently not captured by the Cancellation Charge to the same degree as other milestones. In contrast to later milestones, M1 should also be largely within the developer's control or influence. As such, application of the PCF to this milestone appears to appropriately balance the need to incentivise stagnant projects to remove themselves from the queue whilst not creating a disproportionately large barrier to entry.
7	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><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>On the whole, Getlink supports the current design of the PCF as detailed within the consultation, including both the profile and the timing of the fee. In particular we welcome the transition away from the flat fee structure and the £20,000/MW rate originally proposed within the <i>Call for Input</i> in line within industry feedback. The proposed 6-monthly phases in which the security held by a project increases, should incentivise projects to voluntarily remove themselves from the queue earlier than under a flat fee structure. A reduced total security of £10,000/MW also seems to be more proportionate to the aims of the proposal.</p> <p>As outlined within the consultation itself, one drawback of this approach is that once the security cap of £10,000/MW after 24 months, there is little incentive for projects to remove themselves from the queue prior to their M1 deadline. This is especially the case for projects which are granted longer durations to achieve their</p>

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		<p>planning consents application, as required by the nature of their technology type.</p> <p>We note that within the consultation a number of potential solutions to this issue have been identified, although not sufficiently explored by NESO to include within the PCF proposal itself. From these options we believe that the two approaches which are most likely to be most effective are:</p> <ol style="list-style-type: none"> 1. The implementation of the PCF on a backwards looking basis from the M1 milestone. In doing so projects would be exposed to the PCF for a maximum period of 24 months with the rate of the PCF increasing up until the date of the milestone, encouraging earlier removal from the queue. We believe this option is likely to hold particular merit for technology types with timeframes of 3 plus years in which to apply for planning consent. 2. Either in combination with option 1 or if option 1 is deemed to not be viable, we also support greater consideration of the feasibility of reducing the rate of the PCF applied in the circumstance of a project voluntarily removing themselves from the queue rather than terminating through the M1 process. Again, this option should re-incentivise projects to exit the queue post the 24-month mark.
8	Do you agree or disagree with the current design of the PCF (Progression	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	<p>Commitment Fee) in the CMP448 Original Proposal regarding to the Trigger Metric?</p> <p>Please provide the rationale for your views.</p>	<p>Getlink appreciate that there are likely to be drawbacks associated with all potential measures of “Queue Health” when utilised as a metric to trigger the activation of the PCF. On balance, drawing on the volume of capacity which terminates at the point of M1 to trigger the PCF seems to make sense, at least in the first instance. We hold that this metric is likely to be most efficient when it is applied to the whole network and all technology types, rather than on a technology and locational basis.</p> <p>We also support the introduction of 5-year periods to which the Trigger Metric applies. We note that NESO intends to conduct a review at the end of each of the 5-year periods. There may be benefit in considering not only the Trigger Threshold within these reviews but also the Trigger Metric itself to ensure that it remains fit for purpose.</p> <p>Given that the PCF will be initially applied to the 2025 – 2030 period and the scale of change already applicable over this time period, it seems sensible for the PCF to remain dormant until activated. In doing so, the wider Connection Reform proposals will be given the chance to take effect and provide the opportunity for Gate 2 projects to continuously assess their viability. In the most favourable scenario, these factors in combination may ultimately result in no requirement for the PCF to be activated.</p> <p>We believe it is appropriate that voluntary removals from the queue and terminated capacity replaced within 6 months of termination not to be factored into the Trigger Metric. These exclusions ensure that the desired behaviour is encouraged across the queue both in terms of stagnant project exiting the queue</p>
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		<p>early and projects being rewarded for acceleration to earlier connection dates where they are required. We do, however, believe that the potential for edge cases, particularly regarding the replacement of terminated capacity within 6 months of termination, may lead to an element of reliance on NESO's subjective assessment. In all such cases we promote widespread transparency to industry and the wider market.</p> <p>Whilst it seems appropriate for such capacity not to be included within the Trigger Metric itself, there may be benefits associated with monitoring trends and volumes of voluntary terminations and capacity replacements. The presence of these trends may provide insight into the overall effectiveness of the Gate 2 assessment process in correctly identifying and removing stagnant projects.</p> <p>Overall Getlink supports complete transparency across the Trigger Metric, the Trigger Threshold and the ultimate activation of the PCF. Whilst NESO's proposal to provide an aggregated volume supports this transparency we do not share the concerns associated with publishing data on a project by project basis (including terminated and replacement projects) through a TEC register or similar approach. Such a completeness in data transparency will support the industry's awareness of the PCF risk and would more greatly promote the desired queue behaviours.</p>
9	Do you agree or disagree with the current design of the PCF (Progression	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	Commitment Fee) in the CMP448 Original Proposal regarding the Trigger Threshold ? Please provide the rationale for your views.	<p>Whilst it is difficult to provide commentary on the specific level of the capacity threshold, due to the lack of clarity on the analysis undertaken by NESO, on a principle level Getlink supports the Trigger Threshold as set out within the Consultation. Getlink understand the benefits of a threshold based on a capacity volume (rather than a percentage) through the initial implementation of the CMP448 and hold that such a volume may provide signals to the market which are easier to interpret.</p> <p>However, we would welcome NESO's continuous review of this decision, especially in future 5-year windows when greater data availability and a need for future proofing may support a percentage-based approach. Once again, we encourage full transparency from NESO in the decision making process on the Trigger Threshold.</p>
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.	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>On the basis of a clear and fixed Trigger Threshold, clear market visibility on the progress towards this Threshold and a fully transparent activation process, Getlink support the Trigger Activation Governance as proposed.</p> <p>Getlink welcome NESO's intention to provide early stakeholder visibility in the instance of a decision to activate the PCF and the proposed ability for Ofgem to override the activation within two months of such a decision. Assuming this process is supported by careful and thorough consideration by NESO to ensure that all data sets relating to the Trigger Threshold and project</p>

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		<p>terminations are both accurate and transparent, there should not be a need for further market consultation. In principle, this process should be as objective and clear as possible. If through implementation the PCF activation decision is increasingly based on NESO's subjective judgement, then market consultation may be required.</p> <p>Additionally, we strongly support the three month notice period proposed by NESO between approval of the PCF activation and its implementation. This notice period will provide a critical window for projects to review their projects, their overall MI strategy and how best to mitigate the upcoming PCF exposure.</p> <p>We also note that at present NESO proposes that once the PCF is activated for a particular 5-year period it cannot be deactivated. Whilst we appreciate the simplicity offered by this approach, we would welcome further consideration of the market conditions which might allow the PCF to be deactivated to prevent unintended consequences from historic or outdated PCF activations.</p> <p>Finally, we welcome clarity from NESO on the application of the PCF on a connection date basis. Whilst the Trigger Threshold is set and reviewed in accordance with 5-year periods, it seems that when the PCF is activated it is applied to all projects regardless of their scheduled connection date. In this case, projects which are due to contribute to the capacity targets of a later 5-year period are impacted by the health of the targets in an earlier period. We encourage NESO to confirm whether this is their intended outcome.</p>
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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.	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>As stated within our response to Question 7, Getlink supports the amendments which NESO have made to the value of the PCF following stakeholder feedback through the initial <i>Call for Input</i>. We believe that this new reduced and profiled value better balances the need to incentivise stagnant projects to remove themselves from the connections queue whilst preventing the introduction of a new barrier to entry which would limit market competitiveness.</p> <p>We also note that there appears to have been consideration by the CMP488 Working Group on the potential introduction of a maximum cap which would apply to all securities including the PCF and S-Curve values. Getlink supports further investigation into such a cap on total securities, ensuring that project exposure through the connection process is fairly and consistently applied across all technology types.</p> <p>As outlined within our response to Question 8, we believe that further consideration is required into how the PCF is applied to projects which have a longer timeline to achieve M1, ensuring that there continues to be an increasing incentive for stagnant projects to remove themselves ahead of M1 termination. As previously stated, we believe the best approach to mitigating the issue is applying the PCF backwards from a project's M1 date and/or placing a reduced PCF rate on projects which voluntarily remove themselves from the queue.</p>
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12	<p>Do you agree or disagree with the methodology presented to the Workgroup by NESO regarding safeguarding considerations? Please provide the rationale for your views.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
		No response provided
13	<p>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.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>Getlink supports the application of the PCF for all projects which hold a Gate 2 Agreement but have not yet met the M1 milestone. This should apply to all projects which have achieved a Gate 2 Agreement regardless of how Gate 2 compliance was demonstrated (i.e. land rights, protected status etc). The one clear exception to this rule is when a project has achieved a Gate 2 Agreement through the demonstration of planning consent. In this case it is clear that the project has already passed M1, as such NESO's proposed approach of excluding these projects from the PCF makes sense.</p>
14	<p>Do you agree with the Proposer's approach to demand projects? Please provide your rationale.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
		No response provided

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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>Getlink welcomes the scenarios put forward by NESO and the additional clarity that they provide on the proposed approach to PCF implementation. We have no further feedback on the PCF scenarios which have not been addressed elsewhere within our response.</p>
16	Do you agree with definition of Queue Health put forward by the Proposer? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Overall, Getlink supports the definition of <i>Queue Health</i> put forward by NESO within the consultation. As stated elsewhere within the response, we believe that the application of the PCF to the period between Gate 2 Agreement and M1 seems to be the most appropriate given the propensity for project stagnation during this period.</p> <p>Within our answer to Question 8 we also detailed our support for the use of the volume of capacity terminated at M1 as a Trigger Metric. As such, the reverse of this metric, a queue which does not contain a high proportion of stagnant projects which must be terminated, should reflect what makes a connection queue “healthy”. Additionally, we have detailed our support for the Trigger Threshold, and therefore the volume of termination which should be classed as making the queue “unhealthy” within our response to Question 9.</p>

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		We can, however, see benefit associated with tightening the wording of the <i>Queue Health</i> description, especially where this may help to future proof the proposal. To this end we believe that the introduction of all projects which hold a Gate 2 Agreement into the definition of the “Connections Queue” is likely to be beneficial, even if some projects which hold a Gate 2 agreement are currently excluded from the PCF framework.
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 type="checkbox"/> No
		No response provided
18	Do you have any views on any of the initial potential alternatives	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	<p>considered by the Workgroup? Please indicate which ones you support or do not support and where possible please provide your rationale.</p>	<p>Potential Alternative 1: No response provided</p> <p>Potential Alternative 2: Getlink do not support this proposal on the basis that it does not encourage the connections queue to self-correct issues of poor “Queue Health” and instead would penalise projects despite the Queue Management Milestones working as designed.</p> <p>Potential Alternative 3: As stated previously within this response, Getlink supports the GB wide approach to the PCF. As such, we do not support this proposed alternative and the additional complexity it would introduce into the PCF implementation process.</p> <p>Potential Alternative 4: Getlink supports greater consideration of a potential reduction in the PCF rate if a project voluntarily self-terminates. As outlined within our response to Question 7, further incentives may be required for projects to exit the queue voluntarily once the maximum PCF rate has been achieved, especially for projects which are granted over 24 months to achieve M1.</p> <p>Potential Alternative 5: As outlined throughout this response, Getlink supports a GB & technology wide application of the PCF. We hold that this approach ensures a level playing field across technology types and promotes a simple and transparent mechanism.</p> <p>Potential Alternative 6: In line with our feedback on Potential Alternative 5, Getlink does not support this Potential Alternative on the basis of a preference for a technology neutral approach to PCF implementation.</p> <p>Potential Alternative 7: As detailed within our response to Question 7 we support this Potential Alternative. This approach should help to resolve the issue of</p>
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		<p>incentivising projects with longer planning consent application timescales to voluntarily remove themselves from the queue prior to M1 termination, by ensuring that the PCF exposure increases up to the point of the M1 milestone.</p> <p>Potential Alternative 8: As stated in Q11, Getlink supports further investigation into a potential cap on the maximum securities applicable per project across all security types. Such a cap would ensure that the financial exposure faced by projects through the connection process is both proportionate, protecting the goals of the Connections Reform without disincentivising investment and competition, and fair across all technology types.</p>
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