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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:	Jack Purchase / Sarah Kenny-Levick	
Company name:	National Grid Electricity Distribution	
Email address:	Jpurchase@nationalgrid.co.uk / sarahkennylevick@nationalgrid.com	
Phone number:	07500 987785	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input checked="" 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 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 type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D

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	facilitate the Applicable Objectives versus the current baseline?	We don't believe that the proposal better facilitates any of the objectives above for connections to the distribution network that the current baseline or the baseline under CMP434.
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No – as the ENA Queue Management milestones have significantly shorter timescales and are closely managed we do not believe this defect exists for distribution projects.
3	Do you have any other comments?	We are supportive of the proposed alternative to exempt projects connected at distribution from the PCF.
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 <u>Workgroup Consultation</u> Section) <input checked="" type="checkbox"/> No No – not at this stage.
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 Yes – we agree.

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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.	<div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <p>We disagree – we feel that this could unfairly disadvantage smaller developers connecting to the distribution network. Developers can be required to undertake complex and expensive environmental surveys by planning authorities. Were the PCF to be triggered the increase in costs and securities could become prohibitive for an otherwise viable project.</p> <p>It does not feel right that some customers can leave the queue before the trigger period and pay the current cancellation charges, whereas others leave after the trigger period and must pay an increased cancellation charge, making it unviable for some projects.</p>
7	Do you agree or disagree with the current design of the PCF (Progression	<div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div>

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	Commitment Fee) in the CMP448 Original Proposal regarding the profile and timing of the fee ? Please provide the rationale for your views.	No – we feel that the proposal will be complicated to implement and communicate. As such there would be increased uncertainty for consumers and customers around the liability they could be exposed to.
8	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding to the Trigger Metric ? Please provide the rationale for your views.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No, we do not agree. Whilst we understand the intent of the proposal we do not feel that approach is appropriate. The PCF is triggered where schemes are terminated for non-progression but the customers affected are those subsequently entering Gate 2.
9	Do you agree or disagree with the current design of the PCF (Progression	<input type="checkbox"/> Yes <input checked="" 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>No – we do not agree. We feel it will have a disproportionate impact on smaller developers. We have concerns around the complexity of the process for replacements and the interaction with the wider process being developed under CMP434.</p> <p>As per our response to question 6, it does not feel right that some customers can leave the queue before the trigger period and pay the current cancellation charges, whereas others leave after the trigger period and have to pay a increased cancellation charge, making it unviable for some projects.</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>Yes – this approach ensures that the decision to activate the PCF is considered by NESO and Ofgem.</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.	<div data-bbox="579 398 657 427"><input type="checkbox"/> Yes</div> <div data-bbox="579 465 651 495"><input checked="" type="checkbox"/> No</div> <div data-bbox="579 600 1393 824">No, we disagree. We feel this will have a significant adverse impact on smaller developers and community energy projects. The uncertainty around the implementation of the PCF could deter investors in these smaller projects.</div>
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.	<div data-bbox="579 1198 657 1227"><input type="checkbox"/> Yes</div> <div data-bbox="579 1265 651 1294"><input checked="" type="checkbox"/> No</div> <div data-bbox="579 1400 1393 1485">No – we disagree. We feel that the PCF will have a disproportionately large impact on smaller developers.</div>

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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
		No – we disagree. We feel that projects connecting to DNO networks should be exempted from the PCF.
14	Do you agree with the Proposer's approach to demand projects ? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Yes. We do agree that demand only connections should be out of scope.
15	Do you agree with the PCF (Progression Commitment Fee) scenarios put forward	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	by the Proposer? Please provide your rationale.	Yes – we think the scenarios outline the intended operation of the PCF.
16	Do you agree with definition of Queue Health put forward by the Proposer? Please provide your rationale.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No – we do not agree. The definition only considers the queue on the basis of one milestone rather than taking a holistic view of the entire queue.
17	Do you agree that the Proposal adequately takes into consideration the interface with embedded and distribution connected projects ?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No – we do not agree. The current proposal needs further refinement. We acknowledge and appreciate the regular calls that NESO have arranged with the DNOs and the ENA to collaboratively develop a process.

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	Please provide your rationale.	We hope that a straightforward and transparent process can be developed that allows for an efficient mechanism for replacement projects. This would be of benefit to consumers and industry.
18	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.	<div> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <div>Click or tap here to enter text.</div> <div>Click or tap here to enter text.</div>

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