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## Code Administrator 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@neso.energy](mailto:cusc.team@neso.energy) by **5pm** on **24 June 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@neso.energy](mailto:Joseph.henry2@neso.energy) or [cusc.team@neso.energy](mailto:cusc.team@neso.energy)

Respondent details	Please enter your details	
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<b>Which best describes your organisation?</b>	<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 checked="" type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

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(Please mark the relevant box)

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

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

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

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

\* 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 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;

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- 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 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

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such as the NESO 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 Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solution(s) against the Applicable Objectives against the current baseline?	Mark the Objectives which you believe the proposed solution(s) better facilitates than the current baseline:
		Original <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM1 <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM2 <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		<p>We have inserted an "X" where we believe the Applicable CUSC objective is better facilitated (than the baseline) by the original or the relevant WACM.</p> <p>On Applicable CUSC objective (iii), we are neutral. On Applicable CUSC objective (iv), we believe only the Original better facilitates this objective when compared to either the Baseline.</p> <p>A summary of our voting rationale is provided below.</p> <p>Applicable CUSC Objective (i): Given we acknowledge the creation of the potential defect</p>

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		<p>whereby a developer may accept a Gate 2 offer and then not, in a timely manner, progress to initiating planning permission, we are of the opinion that both the Original proposal and WACM1 and WACM2 better facilitate applicable CUSC objective (i). The implementation of each of these proposals would arguably allow for connections to be delivered more quickly by ensuring that only those most committed to development retain a position in the queue between Gate 2 offer acceptance and initiating planning permission. At this point in the development cycle, developers will reserve capacity and so measures to encourage only committed developers to reside at this point in the queue are supported.</p> <p>Applicable CUSC Objective (ii): Again, all three proposals aim to address the potential defect whereby developers accept a Gate 2 offer and do not progress in a timely manner to initiating planning permission – this defect would hinder competition in the distribution of electricity. Given all three proposals arguably encourage removal from the queue, and or incentivise developers not to reside in the queue between Gate 2 and initiating planning permission if they are not committed to progressing, we believe all three proposals promote competition in the distribution of electricity and therefore better facilitate applicable CUSC objective (ii).</p> <p>Applicable CUSC Objective (iii): Neutral</p>
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		<p>Applicable CUSC Objective (iv): We believe the original proposal promotes efficiency in the implementation and administration of the CUSC. We are of the opinion that WACM1 proposes a Progression Commitment Fee that may be set at such a level, for embedded projects specifically, that it dilutes the proposal and may result in inefficiencies. We remain unconvinced that the cost of implementation and application would be outweighed by the benefits of the relatively low Progression Commitment Fee proposed. We are of the opinion that WACM2 dilutes the benefits of the original proposal and may create inefficiencies in the implementation and administration of CUSC arrangement given the inclusion of the option for the developer to signify intent to reduce capacity and receive a discount based on a lower capacity for which they do not hold a contracted position. Networks will not be able to make informed decisions on capacity allocation based on in-flight mod-apps and so we are of the opinion that intention alone should not allow developers to be eligible for a discount on PCF.</p>
2	Do you have a preferred proposed solution?	<p><input checked="" type="checkbox"/> Original</p> <p><input type="checkbox"/> WACM1</p> <p><input type="checkbox"/> WACM2</p> <p><input type="checkbox"/> Baseline</p> <p><input type="checkbox"/> No preference</p>

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		<b>Overall SPEN (SPM/D and SPT), are of the opinion that the Original Proposal better facilitates the relevant CUSC objectives when compared to both the Baseline and WACM1 and WACM2.</b>
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  We agree the approach of implementing the PCF is appropriate and believe it is required to address the potential defect.
4	Do you have any other comments?	N/A
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  N/A