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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 cust.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 or cust.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Kimbrah Hiorns	
Company name:	EDF Renewables	
Email address:	Kimbrah.Hiorns@edf-re.uk	
Phone number:	n/a	
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 checked="" 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 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;
- c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;

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- 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 such as the NESO should have terms and conditions developed for balancing services, which are submitted and approved by Ofgem.

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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 type="checkbox"/> ii <input type="checkbox"/> iii <input 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 type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		<p>Although the Original proposal has the benefit of reducing the number of projects in the connections queue in the scenario that queue health is deemed poor and thus can be considered positive against ACO (i), we believe that the Original has a substantial negative impact on ACO (ii) and that the Original proposal will have an overall negative impact on the CUSC objectives when compared to the baseline. We therefore cannot support the Original proposal without the amendments put forward under WACM1. We support the mechanism being introduced by WACM2 which strengthens the incentive for projects to leave the queue at an earlier stage if they are not proceedable. However, given WACM2 does not address the fundamental flaw in the Original</p>	

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		<p>proposal, we also cannot support it without the amendment put forward by WACM1.</p> <p>Our view that both the Original and WACM2 present a considerable negative impact against ACO (ii) is based on the punitive impact we believe the proposal would have in making Offshore Wind generators incur significantly more costs, thereby becoming less competitive, compared to other generation technologies. This would present a significant risk to the Government's Clean Power and Net Zero goals. It would also create a competitive distortion between technologies and would undermine (and not facilitate) effective competition. Offshore wind projects are expected to spend significantly longer in the PCF window (Gate 2 offer to M1) than other project types, with CMP434 and CMP435 allowing up to 5 years to reach M1, compared to 2-3 years for other projects. This means the offshore projects are more likely to hit the maximum £10,000/MW PCF and will be required to carry the cost of posting PCF security at the maximum level for a prolonged period of time. This is exacerbated in the context of the significant financial commitments required under CE/CES lease option agreements, higher DEVEX during this period and S-curve liabilities for offshore projects already likely to be very high. The PCF needs to be considered within this context to ensure it does not impede offshore projects securing investment to move through the initial periods of development.</p>
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2	Do you have a preferred proposed solution?	<div data-bbox="611 421 866 768"> <input type="checkbox"/>Original <input checked="" type="checkbox"/>WACM1 <input type="checkbox"/>WACM2 <input type="checkbox"/>Baseline <input type="checkbox"/>No preference </div> <div data-bbox="611 801 1401 1395"> <p>The maximum PCF of £1,000/MW set out under WACM1 still incentivises projects to progress and to leave the connection queue if they are unviable, whilst not being at a scale which poses a punitive impact to offshore wind carrying the cost over a longer period of time. More broadly across technology and scale, we also believe a PCF at the magnitude set out in WACM1 strikes a better balance of incentivising unviable projects to leave the queue, whilst not presenting an undue burden on early-stage projects.</p> </div>
3	Do you support the proposed implementation approach?	<div data-bbox="611 1433 699 1545"> <input checked="" type="checkbox"/>Yes <input type="checkbox"/>No </div> <div data-bbox="611 1668 826 1702"> <p>No comment.</p> </div>
4	Do you have any other comments?	<p>No further comment.</p>

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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
		No comment.