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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 [usc.team@neso.energy](mailto:usc.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 [usc.team@neso.energy](mailto:usc.team@neso.energy)

Respondent details	Please enter your details	
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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 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 checked="" 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)

☐ **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:

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- 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;
- 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;

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- 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.

**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 type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None			
		WACM1	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None			
		WACM2	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None			
		WACM1 does least harm to competition and may aid in deterring some speculative projects or those wanting to hoard land.				

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2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		<p>The Original is more likely to act as a barrier to valid projects than to deter stalled projects. All projects -especially smaller scale (less than say 100MW) - will feel that they will have to cover the likelihood of the PCF being activated from the get -go after Gate 2 and once (if) Ofgem approves it, rather than wait for PCF Activation. That means (for a 100MW project) adding £1m (in securities) to the DEVEX of the project to cover the max 10,000/MW that may be invoiced should the project fail to put in a valid Planning Application within the timeframe (stated at Gate 2). Even if the project makes this and gets a refund of its security it may well have to fund this for 2 -3 years on top of the landowner lease costs, environmental studies (including possible annual bird surveys x 1-3 years??), and all the other pre-planning and consultant costs. For a 'community' scale project, say, of 30MW the outlay on securities would still be up to £300,000. That could be 25%-33% of the preplanning costs (on top).</p> <p>Projects that are spending money could risk running out and having to return to funders with an uncertain outcome for an otherwise valid project. This would be especially true for projects which made no contingency for the PCF, instead, relying on it not being activated.</p> <p>In summary this proposal seems more like an imposition across the board rather than an encouragement to behave well in terms of the queue. Larger players could have an advantage in that securities could cost significantly less than for smaller community scale and could gain an advantage when vying for sites or could benefit from pressure on smaller players to sell.</p> <p>WACM1 -10% of the PCF values of the Original - uses the same method for determining if the PCF is activated. Much smaller 'stick' and larger players may well not be encouraged to leave the queue for risky projects at this level. However for smaller</p>

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		<p>(including embedded) projects £30,000 set by against securities for a 30MW project may well be doable, - given they would be spending money to reach the M1 goal of planning application and could still survive if the planning got delayed because of (for example) another year of bird studies required.</p> <p>WACM2 - as Original in all ways but with a 75% discount on the eventual invoice if the project was self –terminated or TEC reduced at least 90 days before the M1 deadline. Projects would still need to post securities for the full amount as in the Original (thus up to £1m for a 100MW project). To my mind this would have little relief for smaller projects/non portfolio scale as the problem of posting large securities would remain. For larger players who could use their credit status to post -they could hang around until 91 days prior to M1 and not get hurt much.</p> <p>Overall – it is a close run decision between Baseline and WACM1 as Best, but we have gone for WACM1 as it is less damaging for smaller players in that it avoids large increases in DEVEX , when Section 15 securities, including PCF, are taken into account. WACM1 would still send signals to those in Gate 2 – M1 so may be better than Baseline for that reason.</p>
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No
		Subject to clear and transparent signals in advance of any PCF Activation.
4	Do you have any other comments?	Click or tap here to enter text.
5	Do you agree with the Workgroup's assessment that the modification does not impact	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No

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	the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	Click or tap here to enter text.
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