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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:	Harry Fachiridis	
Company name:	Zenobe Energy Limited	
Email address:	Harry.fachiridis@zenobe.com	
Phone number:	+44 7825 762 444	
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 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
		WACM1
		WACM2
		We believe that the Original proposal better facilitates the Applicable Objectives compared to the current baseline. The PCF as outlined in the Original Proposal provides a much clearer financial signal related to project progression and better incentivises unviable projects to depart from the queue sooner, hence improving the health of the queue at an earlier stage. We support the removal of the 'replacement' rule for simplifying the process. This promotes efficiency in the CUSC arrangements (iv), facilitates effective competition (ii), and represents a more efficient discharge of the Licensee's obligations (i). However, we must note that the recent increase of the Activation Threshold to 6.5GW weakens the proposal, making it even less likely to deliver these benefits in a timely manner. In contrast, WACM1 would fail to better facilitate the objectives, as a fee reduced by a factor of 10 would be commercially insignificant and would create no meaningful

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		incentive to promote efficiency (iv). While WACM2 introduces a useful discount mechanism, it remains tied to the fundamentally slow and weak activation mechanism of the Original, making it an inadequate solution overall.
2	Do you have a preferred proposed solution?	<input checked="" type="checkbox"/> Original <input type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		<p>We state a preference for the Original proposal because it is the strongest of the options presented, as the Baseline is not a viable option given the need for urgent connections reform. However, we believe that its mechanism is complex and slow and that the increase of the Activation Threshold to 6.5GW is unjustified. Our core position remains that the fee should be imposed automatically upon Gate 2 offer acceptance to provide a clear market signal, and that the proposed escalating fee is insufficient to effectively incentivise the removal of less committed projects. We continue to support a simpler, more effective instrument, such as an upfront, flat fee of £20,000/MW.</p>

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3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No We agree that proactively implementing CMP448 in advance of Gate 2 Offers being issued in late 2025 is a crucial step in guaranteeing financial commitment for all new projects entering the Gate 2 queue.
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