

Public

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:	Claire Hynes & Tim Ellingham	
Company name:	RWE Renewables (Swindon) Ltd and RWE Supply & Trading Ltd	
Email address:	Claire.hynes@rwe.com and tim.ellingham@rwe.com	
Phone number:	Click or tap here to enter text.	
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 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*)

Public

☐ **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*

Public

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

Public

	<p>facilitate the Applicable Objectives versus the current baseline?</p>	<p>The original and all alternates are a very crude solution to a varied connection queue and we do not consider these solutions better reflect the objectives. A cost reflective solution that applies a fee to counter costs at the point that TOs are exposed to costs would have been better received. However, considering the options on their merits, we prefer the Alternative 7 solution as it removes any speculative projects choosing to stay in the queue and not submit planning consent once they have the outcome of their surveys. For example, a project may be cancelled due to the result of its noise surveys and therefore in this circumstance planning consent would not be submitted. This solution also better reflects the development of an Offshore wind project and one year before submitting planning consent is a rational point in time to apply a fee if necessary. The project needs to understand where its substation is located, the ecology and environmental risks associated with the cable route and the km's that the cable will need to travel. These survey results are required before being able to assess whether the project will submit planning consent. Applying a fee one year before the forward-looking milestone for submitting planning consent for Offshore wind should provide adequate time for the project to have completed this assessment and for a fee to apply to prevent a project reserving capacity in the queue without intending to progress.</p> <p>For other types of technologies going through planning consent via Town and Country planning, the timescales to meet the forward-looking milestone are shorter and may need a more bespoke approach than just one year beforehand. For example, most sites have protected species such as badgers. If a project has missed the boat on their ecology surveys then they may have to wait for seasonal breeding surveys in the summer to be able to understand the impact.</p>
--	--	---

Public

	<p>Therefore, it may require 12-18 months of the 24 month period to fully understand whether the project wishes to submit planning consent.</p> <p>Notably, NESO's original proposal penalises complex long lead time projects that take longer to submit planning consent. Onshore directly connected windfarms in Scotland do not have to consent the cable route in the same way as Offshore wind farms so the exposure to this fee is not equal across technologies and timeframes.</p> <p>Offshore wind farms tend to be well-capitalised and less likely to fall out of the connection queue. We recognise that a technology specific threshold would create greater parity in NESO's solution as at least the project would be of the same technology and subject to a more similar planning consent timeframe. NESO would need to determine whether the added complexity in implementing a combined approach triggering the fee only for the technology type that is underrepresented in the connection queue due to termination and for the fee to apply one year before planning consent whilst more equitable would be practical.</p> <p>Original</p> <p>We consider that the original solution is flawed as the PCF will apply to all technologies, no matter the amount of time it will take the technology to reach the point of submitting planning consent. This solution penalises complex long lead time projects that will be subject to the PCF for a longer period of time as it takes them longer to submit their planning consent application. We consider that application should be from the point in time that a project is in a position to make a decision on whether to submit planning consent as per alternative 7.</p>
--	---

Public

		<p>Alternate 1</p> <p>We agree that it makes little sense for this approach to apply to embedded distribution projects that have to submit planning consent within two months. However, projects that are required to carry out an Environmental Impact Assessment (EIA) and submit the planning application with 14 months should be captured by this approach. Alternate 1 should ideally be incorporated into NESO's final whole system solution and should not be required to be processed as a separate alternate.</p> <p>Alternate 2</p> <p>As there is currently no incentive for projects to sit at Gate 1 and invest to progress those projects without a connection queue position, it currently does not seem practical to account for the MW capacity replacement of terminated projects in the queue. Can NESO provide clarity on their intention to introduce anticipatory investment based policy for projects sitting at Gate 1? This would contribute to a better understanding of whether Alternate 2 is a viable solution.</p> <p>Alternative 3</p> <p>We ask the proposer to expand on their rationale for ETYs zones. We assume it is due to CP30 zones and those set out in the SSEP not being aligned and therefore the need for a common set of zones that could apply to both. We agree that it is better to have a technology specific application to provide more equitable treatment but we are less convinced that a locationally specific approach is required for the application of the PCF.</p> <p>Alternative 4</p> <p>We are supportive of the concept to provide an incentive to self-terminate. We note that it is a very minor change to the original solution and to our mind does not address the core problem with the original</p>
--	--	--

Public

		<p>solution which is the inequitable treatment of the PCF applying to technologies that take longer to reach the point of submitting planning consent.</p> <p>Alternative 5</p> <p>Whilst we understand why alternative 5 has been raised, it opens the PCF to not just a technology specific application but changes to the length of application after submitting planning consent. I question whether we have sufficient time to build a case for the length of time that the PCF should apply for. I encourage the proposer to take it forward and further explain the rationale.</p> <p>Alternative 6</p> <p>We are supportive of alternative 6 as it applies a technology specific application based on the CP30 zones. We would encourage the proposer to consider combining this approach with alternate 7 and to determine whether or not it should apply to the SSEP or whether the SSEP should contain attrition rates based on analysis of the new transmission connections process.</p> <p>Alternative 7</p> <p>As per the rationale set out above, we support alternative 7. Although we do not consider that any of the proposals better meet the objectives as they are not cost reflective.</p> <p>Alternative 8</p> <p>We support the proposer further exploring alternative 8. Capping the level of securities that an applicant must post to be the maximum of either the PCF requirement or the value of securities that an applicant must post in a six-month period makes economic sense.</p>
2		<input checked="" type="checkbox"/> Yes

Public

	Do you support the proposed implementation approach?	<input type="checkbox"/> No We agree that implementation of this proposal is better met by applying it to the reordered connection queue and in time for Phase 1 of CP30.
3	Do you have any other comments?	If being used as a retention strategy for viable projects, we would argue that as the investment environment has become less certain and companies are withdrawing from the market, this proposal may have a more detrimental effect than intended. We note that both NESO and Ofgem will determine whether the process is triggered but urge both bodies to keep it under review if it is triggered in the first 5 years and is not having the intended effect. We are further concerned that once CP30 and SSEP connection queues have been filled with government approved projects that there is no incentive for projects to be sitting at Gate 1 sufficiently progressed and ready to enter the connection queue. In industries drive to remove speculative projects from the connection queue, it would not be beneficial if we were to lose the variety of market participants to meet future needs in the process.
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 Workgroup Consultation Section) <input type="checkbox"/> No We have not currently decided whether we wish to raise an alternate.
5	Do you agree with the Workgroup's assessment that the modification does not	<input type="checkbox"/> Yes <input type="checkbox"/> No

Public

	impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	
--	---	--

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.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We consider that an appropriate attrition rate should have been applied to Labours Clean Power Plan 2030 as opposed to mitigating it through a non-cost reflective fee. An attrition rate should either be applied to CP30 or lessons learnt should be carried out to determine the attrition rate for the new transmission connection process and applied to the subsequent SSEP ensuring that this solution is of short-term application.</p>

Public

7	<p>Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the profile and timing of the fee? Please provide the rationale for your views.</p>	<div> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <div> <p>We do not agree with the business case that sits behind the PCF. We consider that the addition of a PCF early in a project's lifecycle is more likely to reduce the development of innovative technologies if barrier to entry to the connection process becomes too high in this current investment environment.</p> </div>
8	<p>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.</p>	<div> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <div> </div>
9	<p>Do you agree or disagree with the current design of the PCF (Progression</p>	<div> <input type="checkbox"/> Yes <input type="checkbox"/> No </div>

Public

	Commitment Fee) in the CMP448 Original Proposal regarding the Trigger Threshold ? Please provide the rationale for your views.	Click or tap here to enter text.
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.

Public

12	<p>Do you agree or disagree with the methodology presented to the Workgroup by NESO regarding safeguarding considerations? Please provide the rationale for your views.</p>	<div> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <div>Click or tap here to enter text.</div>
13	<p>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.</p>	<div> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <div>Click or tap here to enter text.</div>
14	<p>Do you agree with the Proposer's approach to demand projects?</p>	<div> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div>

Public

	Please provide your rationale.	We agree that demand projects should be out of scope. Demand is the enabler of generation and should be allowed to evolve as required.
15	Do you agree with the PCF (Progression Commitment Fee) scenarios put forward by the Proposer? Please provide your rationale.	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
16	Do you agree with definition of Queue Health put forward by the Proposer? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.

Public

17	<p>Do you agree that the Proposal adequately takes into consideration the interface with embedded and distribution connected projects?</p> <p>Please provide your rationale.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please see response to Question 1, Alternative 1.</p>
18	<p>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.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>See response to question 1.</p> <p>Click or tap here to enter text.</p>

Public

--	--	--