

Public

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 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 cusc.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Brian Hoy	
Company name:	Electricity North West	
Email address:	Brian.hoy@enwl.co.uk	
Phone number:	07795447817	
Which best describes your organisation?	<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 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 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;

Public

- 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.

Public

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:						
		<table border="1"> <tr> <td>Original</td> <td> <input checked="" type="checkbox"/>i <input checked="" type="checkbox"/>ii <input type="checkbox"/>iii <input checked="" type="checkbox"/>iv <input type="checkbox"/>None </td> </tr> <tr> <td>WACM1</td> <td> <input type="checkbox"/>i <input type="checkbox"/>ii <input type="checkbox"/>iii <input type="checkbox"/>iv <input checked="" type="checkbox"/>None </td> </tr> <tr> <td>WACM2</td> <td> <input checked="" type="checkbox"/>i <input checked="" type="checkbox"/>ii <input type="checkbox"/>iii <input checked="" type="checkbox"/>iv <input type="checkbox"/>None </td> </tr> </table>	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 type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None	WACM2	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		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 type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None					
		WACM2	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None					
<p>ACO(i)</p> <p>The original and WACM2 create an incentive for projects to leave the queue earlier than they would without the modification. This will allow other projects to be brought forward and connect earlier. The significant reduction of the PCF in WACM1 has the effect of diluting the incentive properties and we do not therefore believe it will instigate behavioural change.</p> <p>ACO (ii)</p> <p>The original and WACM2 create an incentive that will remove potential blockers and therefore allow other more viable projects to progress more quickly. The significant reduction of the PCF in WACM1 has the effect of diluting the incentive properties and we do not therefore believe it will support this objective.</p>								

Public

		<p>ACO (iii) All three are neutral against this objective.</p> <p>ACO (iv) The Original will help accelerate the removal of unviable projects from the connections queue and therefore reduce the inefficiency associated with the administration of them.</p> <p>WACM1 adds a lot of new processes and bureaucracy to CUSC processes but with little incentive properties due to the low value of the PCF.</p> <p>WACM2 adds an extra element to the Original which tries to incentivise a desirable behaviour of self-termination or TEC reduction which does mean that the formal termination of projects is avoided. However, the mechanism does result in an effect of potentially undermining the Original solution. WACM2 allows a developer to wait and then self-terminate the 90 days before their M1 milestone and thereby reduce their liability to a level at or lower than if they had been terminated within 6 months of activation.</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>
		<p>Overall our preferred solution is the Original.</p> <p>WCAM 2 is supported and does try to create a</p>

Public

		desirable incentive property but does result in a situation where its intent is compromised.
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
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 the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.