

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 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:	Andrew Colley	
Company name:	SSE Generation	
Email address:	Andrew.colley@sse.com	
Phone number:	01738 340795	
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*)

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:
		Original
		WACM1
		WACM2
		<p>We believe that all three options; namely the Original Proposal, WACM1 and WACM2; are positive against applicable CUSC objectives i), ii) and iv), when compared to the baseline.</p> <p>All three options will introduce a mechanism that can seek additional financial commitment from project developers wishing to connect to the GB Transmission and Distribution Systems, when and if deemed necessary, thereby raising the hurdle (and financial exposure) for projects retaining a Gate 2 offer.</p> <p>All three options allow NESO, with approval from the Authority, to activate this new, additional, Progression Commitment Fee (PCF), but only based on the objective evidence and thresholds (to be introduced by this proposal) that assess the health of the G2TWQ connection queue and therefore determine the need for the PCF to be applied (or not, as the case may be).</p>

Public

		<p>Whilst noting the challenging financial environment for all projects, we understand the rationale as to why this PCF mechanism is required, alongside wider connection reform, in order to encourage project developers to bring forward genuine, better prepared and more viable projects for progression; and to support improved ongoing regulation and prioritisation of the connection queue (through a measurement of “queue health” and application of the PCF if deemed unhealthy, whilst noting that the PCF, ironically, impacts the remaining projects - rather than the projects dropping out).</p> <p>The Original proposal (and two WACMs) are based around the introduction of a mechanism that will deter “ghost” projects from entering the future connections queue and allow more viable projects to progress more quickly, if required. Currently, committed developers may be waiting too long to connect because non-viable projects with a higher place in the connection queue are blocking their progress, which in turn is detrimental to meeting the UK Government’s Net Zero policy ambitions. However, it is important to recognise the challenges in developing and delivering all projects and the potential consequences on investment of increasing the value at risk. It is important to find the right balance between deterring project developers and providing an environment that attracts and enables project developers to deliver.</p> <p>Whilst the three options have very different levels of commitment and rate of commitment to be applied, they are; in our view; all better than the current counterfactual (namely the ‘baseline’) which provides no additional commitment (from projects) to enter and progress through the connection queue. That having been said, this approach needs to strike the right balance and be careful not to deter CP30 required projects where their complexity already makes for a</p>
--	--	---

Public

		borderline investment case (or an investment case that is sensitive to such changes).
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input checked="" type="checkbox"/> WACM2 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		<p>In our view WACM2 provides the core benefits of the Original Proposal but also allows good behaviour, on the part of developers, to be recognised by providing project developers with a reduced liability if they self-select their project for removal from the connection queue in good time (upon the realisation that their project is no longer viable). We are mindful of the Workgroup deliberations around the risk value impact if the PCF, as outlined in the Original, were to be approved. This self-selection option may be beneficial in terms of reducing the risk values that would (absent WACM2) be applied to project financing (if the Original were to be approved) and thereby reduce the overall costs of new connections to GB consumers.</p> <p>The discounted Progression Commitment Fee, introduced by WACM2, remains; in our view; a suitable and sufficient incentive to ensure that a developer is ready and committed when it applies for a connection and then enters the connection queue.</p>
3	Do you support the proposed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Public

	implementation approach?	Yes.
4	Do you have any other comments?	No.
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
		Yes.