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## 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](mailto: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](mailto:Joseph.henry2@nationalenergyso.com) or [cusc.team@nationalenergyso.com](mailto:cusc.team@nationalenergyso.com)

Respondent details	Please enter your details	
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<b>Which best describes your organisation?</b>	<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:

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(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 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;

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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 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	Mark the Objectives which you believe the Original Solution better facilitates than the current baseline:
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	and/or any potential alternatives better facilitate the Applicable Objectives versus the current baseline?	Original	<input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input checked="" type="checkbox"/> D
		We believe that the original proposal better facilitates the Applicable Objectives compare 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.	
2	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.	
3	Do you have any other comments?	No	
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 <a href="#">Workgroup Consultation Section</a> ) <input checked="" type="checkbox"/> No 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 type="checkbox"/> Yes <input type="checkbox"/> No N/A	

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### 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 disagree with the current design regarding the duration of the fee. In our view, the fee should be imposed automatically as soon as a project passes Gate 2, rather than being delayed or triggered only under certain conditions, such as reaching a specific threshold. This upfront approach ensures that the fee serves as a clearer indicator of projects' commitment and financial commitment, helping to screen out the projects that aren't fully prepared.</p> <p>It also eliminates any ambiguities or delays that can arise from condition triggers or additional approval steps, therefore supporting only projects that have a solid backing to move forward, accelerating the government's goals as per CP2030.</p>

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7	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the <b>profile and timing of the fee</b> ? Please provide the rationale for your views.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Ditto as per response 6.
8	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding to <b>the Trigger Metric</b> ? Please provide the rationale for your views.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We agree with the definition of the metric as a means to capture the project attrition rate from the queue.</p> <p>We disagree with the current design of the PCF regarding the trigger metric. The existing threshold-set at 6GW appears to be too high and risks delaying the fee's application until projects have already progressed significantly.</p> <p>.</p>

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9	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding <b>the Trigger Threshold</b> ? Please provide the rationale for your views.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  We consider the threshold of 6GW to be quite high and it should be adjusted to a lower level that will make a significant improvement to the quality of the queue.
10	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding <b>the Trigger Activation Governance</b> ? Please provide the rationale for your views.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  We believe that the proposed governance structure involves multiple sequential decision points, and the extended timescales involved in the whole process could diminish the intended pace of the overall connections reform. This can further hinder the timely connection of viable and financially healthy projects currently in the queue.

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11	<p>Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the <b>£/MW value of the fee</b>? Please provide the rationale for your views.</p>	<div> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No         </div> <p>We support the design of a financial instrument that involves the introduction of an upfront £20,000/MW flat fee. We believe that the current proposal is insufficient to effectively incentivize the timely removal of less committed or financially viable projects from the queue.</p>
12	<p>Do you agree or disagree with the methodology presented to the Workgroup by NESO regarding <b>safeguarding considerations</b>? Please provide the rationale for your views.</p>	<div> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No         </div> <p>We believe that safeguarding measures should be carefully balanced and applied for all projects regardless of their size. To actively improve the health of the connections queue, we support the implementation of a larger upfront fee, as this will enable more viable projects to proceed and less viable projects to depart.</p>



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13	Do you agree or disagree with the current outline for <b>projects that would be within scope of the PCF</b> (Progression Commitment Fee)? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <p>We agree that the scope correctly identifies the period between Gate 2 Offer acceptance and Milestone 1 as the critical phase where unviable projects are most likely to remain in the queue without sufficient incentive to withdraw.</p>
14	Do you agree with the Proposer's approach to <b>demand projects</b> ? Please provide your rationale.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <p>Demand projects already have the default advantage of strategic alignment with CP30. We believe that evening the playing field for generation and demand projects is necessary as demand projects can contribute to network constraints as well. While demand projects are already subject to the Final Sums Methodology the same applies to generation projects via the securities/liabilities mechanism.</p>

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15	Do you agree with the <b>PCF</b> (Progression Commitment Fee) <b>scenarios</b> put forward by the Proposer? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  We agree with the PCF scenarios that are presented as they align with the principles and methodology of the PCF instrument.
16	Do you agree with <b>definition of Queue Health</b> put forward by the Proposer? Please provide your rationale.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  We agree with the concept of good/poor health of a queue however, we consider the 6GW threshold to be a quite high threshold to signify a queue of poor health.

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17	<p>Do you agree that the Proposal adequately takes into consideration the <b>interface with embedded and distribution connected projects</b>?</p> <p>Please provide your rationale.</p>	<div> <input type="checkbox"/> Yes         <input type="checkbox"/> No       </div> <div>N/A</div>
18	<p>Do you have any views on any of the <b>initial potential alternatives</b> considered by the Workgroup? Please indicate which ones you support or do not support and where possible please provide your rationale.</p>	<div> <input type="checkbox"/> Yes         <input checked="" type="checkbox"/> No       </div> <div> <p>On potential alternative 6, we believe that due to the current mix of the queue applying separate thresholds for individual technology types would not yield a healthier queue.</p> </div>

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