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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 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:	Sarah Graham	
Company name:	Arven Offshore Wind Farm Limited	
Email address:	Sarah.Graham@oceanwinds.com	
Phone number:	07464675593	
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*)

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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
		<p>While we appreciate the proposer's concern regarding the risk of stalled projects in the future grid queue, the Progression Commitment Fee (PCF) as proposed would increase cost and risk for developers who are progressing, with offshore wind projects being more significantly impacted due to the nature and timescale of their development. Developers' cost will increase as they need to pay to provide the securities required to cover the PCF once activated (the cost of providing security is generally a percentage of the liability secured so this will be in addition to cost of providing the security required in relation to User Commitment liabilities). Developers will need to factor in the risk that the PCF may be activated and that they may become liable for providing the related</p>

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		<p>securities, plus the risk that they may be liable to pay the PCF should their project fail prior to submitting a planning application. We note that the proposer's own analysis concludes that this could result in an increase in costs to the consumer unless connection dates can be further accelerated by this measure, which we believe unlikely.</p> <p>The PCF also appears to place a significant administrative burden on network operators to administer, which is not efficient.</p> <p>We therefore do not believe that any of the proposals better facilitate any of the CUSC objectives.</p>
2	Do you have a preferred proposed solution?	<p><input type="checkbox"/>Original</p> <p><input type="checkbox"/>WACM1</p> <p><input type="checkbox"/>WACM2</p> <p><input checked="" type="checkbox"/>Baseline</p> <p><input type="checkbox"/>No preference</p> <p>We believe that no code change should be made at present.</p> <p>If a future defect is identified in the new Gate 2 Queue following the implementation of Connections Reform and Queue Management milestones, then this could be revisited and a more targeted solution devised. Attempting to foresee what additional measures might be needed prior to the full implementation of</p>

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		Connections Reform runs the risk that this solution does not adequately address any future defects.
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>We do not support the idea of a PCF Activation Threshold being defined now, with no clear evidence to underpin the choice of the 6500MW figure.</p> <p>The uncertainty over whether/when the PCF could be activated means that as a developer we would need to cost the risk of it being activated into our projects now. We are concerned that this places viable offshore projects at risk.</p>
4	Do you have any other comments?	<p>We have already raised concerns that this proposal disproportionately impacts offshore projects with longer timeframes to reach the M1 milestone. A progressing offshore wind project could spend up to 5 years in the period from Gate 2 offer to Milestone 1, and this places them at a much higher risk of the PCF being activated, and increasing to a higher value during this period, compared to onshore projects which</p>

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		would be expected to meet Milestone 1 in 2-3 years.
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.