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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](mailto: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](mailto:Joseph.henry2@neso.energy) or [cusc.team@neso.energy](mailto:cusc.team@neso.energy)

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 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>We support the PCF as an additional tool which can be used to help NESO/industry meet the CP2030 plans. We support the amendments that were made to the original with respect to the Financial Instrument which was previously floated.</p> <p>Our view is that the original and both WACMs are fundamentally similar in the way that they compare against the baseline, but the amendments mean they could be compared favourably against each other against the objectives.</p> <p>ACO 1 – We agree with the proposer’s assertion that this mechanism allows NESO to active a PCF when it appears to be required, and that this will enable more viable projects to be connected quicker It allows for more efficient and co-ordinated design by ensuring that only</p>

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		<p>viable projects are captured in design and build plans. This is the same for both WACMs.</p> <p>ACO2 – The PCF has the potential to help create a more efficient and appropriately subscribed connections queue, which will encourage competition as there will be less risk of significant delays, and greater short-term incentives for those viable projects who can secure a grid connection (by being ready and needed). This is the same for both WACMs.</p> <p>ACO3 – We do not believe the original or WACMs impact on this OCA</p> <p>ACO4 – We agree with the proposer’s assertion that the PCF will accelerate the removal of unviable projects, and therefor create more efficiency in the administration of the CUSC by reducing waste through the administration of unviable projects. This is the same for both WACMs.</p>
2	Do you have a preferred proposed solution?	<p><input type="checkbox"/>Original</p> <p><input type="checkbox"/>WACM1</p> <p><input checked="" type="checkbox"/>WACM2</p> <p><input type="checkbox"/>Baseline</p> <p><input type="checkbox"/>No preference</p> <p>We believe that WACM2 strikes the best balance by:</p> <p>i)creating efficiency in the process through retaining the full PCF security required, which facilitates better performance against ACO1 and ACO4, in line with the Original</p>

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		ii) better facilitates ACO2 as it increases competition by reducing the risk of deterring viable projects from joining the Gate 2 queue. Under WACM2, these potentially viable projects would be more likely to accept the risk of the PCF with the self-determination discount available.
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We support the implementation approach as we agree this must be implemented prior to User's signing gate 2 contracts. When the OFGEM decision is made, it is essential that this is communicated effectively to all User's so that it can be considered in advance of implementation and well in advance of a potential introduction of the PCF to contracts.</p>
4	Do you have any other comments?	We do have concerns that the Original Solution could have unintended consequences, in that it could deter potentially viable projects from joining the connections queue because the impact of being terminated/terminating is too significant. Therefore, we would strongly advocate that either of the existing WACMs is implemented, or further consideration may need to be given to amending the Original to lessen the risk of these unintended consequences.
5	Do you agree with the Workgroup's assessment that the modification	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	We agree that the modification does not impact the Electricity Balancing Regulation (EBR) Article terms and conditions.
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