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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	
<b>Respondent name:</b>	Rhys Jones	
<b>Company name:</b>	CIP	
<b>Email address:</b>	<a href="mailto:rhjo@cip.com">rhjo@cip.com</a>	
<b>Phone number:</b>	07968798315	
<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"/> InterconnectorX	<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)

- ☐ **X 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)

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**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;*
- 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*

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*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.

**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	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input 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 type="checkbox"/> None
		WACM2	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv

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		<input type="checkbox"/> None Click or tap here to enter text.
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference Click or tap here to enter text.
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Click or tap here to enter text.
4	Do you have any other comments?	<b>About CIP</b>  Founded in 2012, Copenhagen Infrastructure Partners P/S (CIP) today is the world's largest dedicated fund manager within greenfield renewable energy investments and a global leader in offshore wind. The funds managed by CIP focus on investments in offshore and onshore wind, solar PV, biomass and energy-from-waste, transmission and distribution, reserve capacity, storage, advanced bioenergy, and Power-to-X. CIP manages 12 funds and has to date raised approximately EUR 31 billion for investments in energy and associated infrastructure from more than 150 international institutional investors.  CIP has more than 400 employees and offices in Copenhagen, London, Hamburg, Utrecht, New York, Tokyo, Singapore, Seoul, Munich, Luxembourg, and Melbourne. For more information, visit <a href="http://www.cip.com">www.cip.com</a>

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		<p><b>CIP in the UK</b></p> <p>CIP identifies the UK as a core investment market. It invests across all phases of the energy asset lifecycle (including origination, development, construction, and operations), both as an equity and/or debt partner. To date, CIP has invested more than £2bn in UK-based projects and currently has ~25GW in operation, construction or development phase incorporating Offshore wind (inc. Fixed and Floating), Onshore wind, Solar, Battery energy storage, Biomass, Energy from Waste, and Interconnectors. CIP works exclusively with the following organisations across its global markets:</p> <ul style="list-style-type: none"> <li>• Copenhagen Offshore Partners (COP) – Focused on Offshore wind development – <a href="http://www.cop.dk">www.cop.dk</a></li> <li>• Copenhagen Infrastructure Services Company (CISC) – <a href="http://www.cisc.dk">www.cisc.dk</a></li> </ul> <p>CIP welcomes the opportunity to comment on this important topic and would make the following narrative remarks in summary response to the questions and topics raised.</p> <p><b>NB, CIP has wide-ranging forward investment portfolio interests in the UK, but these remarks pertain specifically to its Tarchon project.</b></p> <p>Tarchon is a 1.4GW interconnector linking the UK and Germany via +700km of subsea and undergrounded onshore HVDC cables. Tarchon is designated a Project of Mutual Interest by the European Commission<sup>4</sup>, listed in the German Government’s national Network Development Plan<sup>5</sup>, and was granted Initial Project Approval (IPA) by Ofgem in November 2024. The IPA assessment identified Tarchon to be positively creative of up to GBP 2.4 billion of UK social economic</p>
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		<p>welfare6 and represents a prospective capital investment of over GBP 3 billion.</p> <p>CIP has previously noted a number of pressing matters impacting the project's fundamental economics in relation to supply chain engagement:-</p> <p><b>Pre-FID commitments</b> - Lead times for supply of HVDC equipment (converters and cables) are extending such that reservation of manufacturing slots now require significant financial commitments to be made at an unprecedented early stage of project development, and well in advance of anticipated planning and/or regulatory approvals</p> <p><b>Delayed deployment</b> - Ofgem's Window 3 interconnector framework initially approved a range of UK interconnectors on the basis deployment could be feasibly realised between 2030 and a backstop date of 2032. Supply chain feedback has made clear that extending lead times for equipment supply renders earliest interconnector commissioning now delayed to between 2032 and 2034, i.e. at or beyond the Window 3 backstop date, thus fundamentally challenging the Window framework's investability.</p> <p><b>Cost increases</b> - Cost forecasts for both converters and cables have increased markedly (by ~100% and ~35% respectively). Whilst CIP considers that the positive societal benefits of interconnectors (such as Tarchon) are capable of withstanding such cost increase, we also observe the integrity of the regulatory Cap &amp; Floor arrangement to now be challenged in a manner unforeseen at the time of its design, provoking a need for rapid review and appropriate refinements.</p> <ul style="list-style-type: none"> <li>In this context, CIP should like to note that while it appreciates such headwinds are applicable to many projects and across different technologies, the exposure of strategically important projects such as Tarchon has increased very significantly, with</li> </ul>
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		<p>potential implications for attainment of interconnector contributions to CP30 targets.</p> <ul style="list-style-type: none"> <li>• Further, it notes that the Ofgem has proposed an Electricity Transmission Advanced Procurement Mechanism (APM). The APM will de-risk the TOs securing supply chain capacity in bulk at a much earlier point in the project development cycle than currently, by funding spend earlier than it would be funded through other mechanisms.</li> <li>• While CIP considers this a welcome proposal, it is currently directed solely at the incumbent TOs. Interconnectors also have an interest in procuring transmission equipment from the supply chain and therefore risks pushing other market participants to the back of the queue when procuring equipment, particularly if TOs and their subsidiaries are able to outcompete other participants due to the advantages afforded by the APM regime. We therefore would welcome continued discussions to consider other methods for supporting interconnector procurement challenges.</li> <li>• While CIP understands the rationale for measures which ensure mature, viable projects can progress ahead of less advanced projects, it would nevertheless reiterate that such proposals only serve to layer on additional risk in the development phase for projects which already face considerable headwinds.</li> <li>• CIP would also note a potential regulatory ‘lacuna’ wherein projects which are awaiting planning decisions are unable to engage NESO with respect to their connection status while the DCO process and statutory timelines for decision making (18 months) appear misaligned with the timescale within which progression commitment fees may be triggered. This potentially leaves projects in an invidious position where they are required to make progression fee commitments while there may be several months to run on DCO decision-making.</li> </ul>
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		<b>ENDS</b>
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
		Click or tap here to enter text.