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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 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 or cusc.team@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Eibhlin Norquoy	
Company name:	Community Energy Scotland	
Email address:	Eibhlin.norquoy@communityenergy.scot	
Phone number:	07919305843	
Which best describes your organisation?	<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 type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input checked="" 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 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;*
- d) *contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the*

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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 and/or any potential alternatives better	Mark the Objectives which you believe the Original Solution better facilitates than the current baseline:	
		Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D

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	facilitate the Applicable Objectives versus the current baseline?	We believe potential alternative 1 better facilitates competition as it does not increase the barrier to entry for community energy. We also suspect that it would better facilitate efficiency of implementation and administration of the CUSC by removing the administrative burden of enacting the PCF on projects as small as 50kW in the North Scottish isles.
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
3	Do you have any other comments?	Click or tap here to enter text.
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 Workgroup Consultation Section) <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

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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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.
7	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the profile and timing of the fee ? Please provide the rationale for your views.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We agree a flat fee was not appropriate to meet the aims of the CMP and increasing this over time is appropriate.
8	Do you agree or disagree with the current design of the PCF (Progression	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	Commitment Fee) in the CMP448 Original Proposal regarding to the Trigger Metric? Please provide the rationale for your views.	Click or tap here to enter text.
9	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the Trigger Threshold? Please provide the rationale for your views.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
10	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the Trigger Activation Governance? Please provide the rationale for your views.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No We agree that the PCF should not apply from the outset and only used when queue health is poor. We disagree that it would remain in place. There should be a mechanism which allows for review of and potential deactivation of the PCF if market conditions and queue health allow.

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11	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the £/MW value of the fee ? Please provide the rationale for your views.	<div data-bbox="580 398 660 427"><input type="checkbox"/> Yes</div> <div data-bbox="580 465 649 495"><input checked="" type="checkbox"/> No</div> <div data-bbox="580 600 1401 1346"> <p>We disagree with the securitisation approach which would require small organisations and actors to provide cash as securitisation because other methods are not possible for them. This is a barrier to organisations/actors that tend not to have any assets secured at an early stage in development. This increases the barrier to a grid connection for community owned energy projects. Many of the changes NESO have made between the call for input and the original proposal reduce this impact including reducing the £/MW value, reducing the duration, adding a stepped profile and introducing a trigger metric. However, this CMP still introduces another barrier to community energy by adding another liability which is secured against using the same principles as currently set out in CUSC.</p> </div>
12	Do you agree or disagree with the methodology presented to the Workgroup by NESO regarding safeguarding considerations ? Please provide the rationale for your views.	<div data-bbox="580 1444 660 1473"><input type="checkbox"/> Yes</div> <div data-bbox="580 1512 649 1541"><input checked="" type="checkbox"/> No</div> <div data-bbox="580 1646 1401 2022"> <p>The safeguarding considerations have not taken into account an organisation's ability to secure debt at such an early stage of development where there is significantly more risk than at construction. New actors that do not have a track record of developing generation or storage projects have not been considered and their cost would likely be higher and the finance harder to secure.</p> </div>

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13	Do you agree or disagree with the current outline for projects that would be within scope of the PCF (Progression Commitment Fee)? Please provide your rationale.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Small embedded generators includes organisations/actors that tend not to have any assets secured at an early stage such as Community Energy Groups or Development Trusts and this acts as a financial barrier to developing and installing generation.
14	Do you agree with the Proposer's approach to demand projects ? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
15	Do you agree with the PCF (Progression Commitment Fee) scenarios put forward by the Proposer? Please provide your rationale.	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.

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16	Do you agree with definition of Queue Health put forward by the Proposer? Please provide your rationale.	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
17	Do you agree that the Proposal adequately takes into consideration the interface with embedded and distribution connected projects ? Please provide your rationale.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Consideration by the Proposer is ongoing but the Proposal in its current form does not adequately consider the interface. We welcome alternative approaches which could exempt some or all embedded projects from the requirement to be liable for / pay the PCF.
18	Do you have any views on any of the initial potential alternatives	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	considered by the Workgroup? Please indicate which ones you support or do not support and where possible please provide your rationale.	We support Potential Alternative 1. The Original proposal would increase the barrier to Community Energy by introducing another liability and security (PCF) to embedded projects. To date, all Community Energy projects in Scotland are embedded. The Potential Alternative 1 would not increase the barrier to Community Energy because it would not apply the PCF to embedded projects. We urge the proposer of potential alternative 1 and the workgroup to consider the different definitions of small, medium, and large embedded generation across GB as well as a distinct community energy definition, the impacts on which should always be considered for any proposal.
		Click or tap here to enter text.