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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@nationalenergygyso.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@nationalenergygyso.com or cusc.team@nationalenergygyso.com

Respondent details	Please enter your details	
Respondent name:	Garth Graham	
Company name:	SSE Generation	
Email address:	garth.graham@sse.com	
Phone number:	01738 456000	
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 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;

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- 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 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

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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 facilitate the Applicable Objectives versus the current baseline?	Mark the Objectives which you believe the Original Solution better facilitates than the current baseline:			
		<table border="1"> <tr> <td>Original</td> <td><input checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input checked="" type="checkbox"/>D</td> </tr> </table>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B
Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D	
<p>We provide views here (in terms of the Applicable Objectives) for the Original only given that, at this stage, the requisite details for the potential alternatives are insufficient for us to be able to come to a rounded view of each of them against the Applicable Objectives. However, we have provided general thoughts (on the potential alternatives) under Question 18 below.</p> <p>As currently outlined by the Proposer (and being mindful that the solution may change over the coming Workgroup meetings) we do believe that CMP448 Original does better facilitate Applicable Objectives (a), (b) and (d) whilst being neutral in terms of (c) for the reasons set out in the Proposal</p>					
2	Do you support the proposed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

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	implementation approach?	<p>We provide conditional support, for the proposed implementation approach. Put simply we support that <i>"this proposal is implemented in advance of Gate 2 Offers being issued by NESO (subject to the approval of CMP434 and CMP435)...[which] is currently expected to be at the end of calendar year 2025"</i>.</p> <p>However, if this is not possible / does not occur then we would have serious concerns that the core benefits / justifications (for approving CMP448) will have been lost or diminished as parties will be asked to accept the Gate 2 Offers without knowing if they will (or will not) be subject to the PCF being introduced by CMP448.</p>
3	Do you have any other comments?	<p>Please note that our answers to Q6–Q16 are on the basis of the original Proposed Solution.</p> <p>It is important that any financial instrument placed on developers is appropriate to the level of control they have over their ongoing development. It is on this basis that we are broadly supportive of CMP448.</p> <p>We are mindful that there are currently eight potential Alternatives that individually and collectively consider variations to many of the individual aspects of the Proposed Solution.</p> <p>The requisite details for these potential Alternatives are insufficient currently for us to be able to come</p>

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		to a rounded view on the individual aspects highlighted in Q6-Q16, when compared to the Proposed Solution. Therefore, our answers to Q6-Q16 could be subject to change depending upon clarification of the detailed solutions for each of the eight current potential Alternatives (and any others that come forward henceforth).
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 <u>Workgroup Consultation Section</u>) <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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Specific Workgroup Consultation questions

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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 <p>We have examined the Proposer's rationale for the change, as set out on Pages 15-16 of the consultation, and we are persuaded that the current design of the PCF in respect of the duration of the fee is appropriate.</p>
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 <p>We have examined the Proposer's rationale for this aspect of the change, as set out on Pages 16-17 of the consultation, and we are persuaded that the proposed solution in respect of the profile and timing of the fee is appropriate.</p>
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.	We have examined the Proposer's rationale for this aspect of the change, as set out on Pages 18–24 of the consultation, and we are persuaded that the proposed solution with regards to the Trigger Metric is appropriate.
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.	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We note the comments on Page 19¹ of the consultation document in terms of energy data transparency.</p> <p>We would remind NESO of the workings of the Energy Data Taskforce, whose work was commissioned (and whose recommendation was endorsed) jointly by DESNZ and Ofgem.</p> <p>In summary the Taskforce identified many benefits from data transparency, examples of which include:</p> <p><i>(i) improving operation of the system, (ii) optimising operation of the system, (iii) optimising</i></p>

¹ "...that energy data transparency leads to a more efficient network and a better outcome for consumers, explained that it would be better to have this within the TEC register and highlighted that the TEC register may need to be updated to show a failure reason or category in the interests of transparency. This would, in the view of a Workgroup member, allow industry parties (who, unlike networks, are exposed to paying the fee) to assess the risk of the trigger being activated, whereas this wouldn't be possible if the volumetric value was published as proposed by NESO."

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		<p><i>across energy vectors, (iv) unlocking the flexibility market, (v) enabling clarity across the multiple actors in the system, (vi) securing the new Energy System, (vii) regulatory oversight and risk assessment, (viii) optimising procurement and cost reduction, (ix) opening the system to new markets and better price discovery, (x) data visibility creates opportunity for all, and (xi) attracting new players to the sector.</i></p> <p>The Taskforce helpfully also identified the detrimental effects of not providing full transparency, examples of which include:</p> <p><i>(a) slower more expensive transformation, (b) fragmented datasets reducing efficiency, (c) increased risk to system stability, and (d) reduced innovation.</i></p> <p>The negative effects, from a lack of energy data transparency, was summarised by the Taskforce, in the following terms:</p> <p><i>"The value of data is not being maximised: innovation is being stifled, the system is less efficient, and <u>the consumer is worse off.</u>"</i> [emphasis added]</p> <p>In light of the above (and taking into account the deliberations on Pages 24-25, as well as Pages 18-24 of the consultation), our agreement to the current design of the PCF, with regards to the</p>
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		<p>Trigger Threshold, is conditional on full transparency of the MW values on a more granular project by project basis (because these are the components of the Trigger Threshold).</p>
10	<p>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?</p> <p>Please provide the rationale for your views.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We are mindful of the need for the immediate and full transparency of (a) any NESO decision to recommend or not recommend activation; and (b) any Ofgem decision to agree or disagree with the NESO's decision under (a). Transparency of these decisions to market stakeholders will be critical. We have set out under Q9 above (and for the sake of brevity we do not repeat them here) the reasoning provided by the Energy Data Task Force (which is beyond contestation) as to why full transparency of these decisions is necessary.</p> <p>Therefore, our support for the Proposer's rationale for this aspect of the change, as set out on Pages 25-28 of the consultation, is conditional upon full and timely transparency by NESO and Ofgem of any decisions they make with respect to the Trigger Activation.</p>

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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 £/MW value of the fee?</p> <p>Please provide the rationale for your views.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We have examined the Proposer's rationale for this aspect of the change, as set out on Pages 28–31 of the consultation, and we are persuaded that the proposed solution with regards to the £/MW value of the fee is appropriate.</p>
12	<p>Do you agree or disagree with the methodology presented to the Workgroup by NESO regarding safeguarding considerations?</p> <p>Please provide the rationale for your views.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We have examined the Proposer's rationale for this aspect of the change, as set out on Pages 31–33 of the consultation, and we are persuaded that the proposed solution with regards to safeguarding considerations is appropriate.</p>
13	<p>Do you agree or disagree with the current outline for</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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	<p>projects that would be within scope of the PCF (Progression Commitment Fee)? Please provide your rationale.</p>	<p>We have examined the Proposer's rationale for this aspect of the change, as set out on Pages 37–38 of the consultation; and subject to clarification from the NESO of the outcomes of their engagement with the DNOs/iDNOs as to the impact on embedded generators; we are persuaded that the proposed solution, with regards to the projects that would fall within the scope of the PCF, is appropriate.</p>
14	<p>Do you agree with the Proposer's approach to demand projects? Please provide your rationale.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>We have examined the Proposer's rationale for this aspect of the change, as set out on Page 39 of the consultation, and we are persuaded that the proposed solution, with regards to the approach to demand projects (that would fall outwith the scope of the PCF), is appropriate.</p>
15	<p>Do you agree with the PCF (Progression Commitment Fee) scenarios put forward by the Proposer? Please provide your rationale.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>

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16	Do you agree with definition of Queue Health put forward by the Proposer? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We have examined the Proposer's rationale for this aspect of the change, as set out on Pages 40-41 of the consultation, and we are persuaded that the proposed solution, with regards to the definition of queue health (in terms of what is "poor health" and "good health"), is appropriate.</p>
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 type="checkbox"/> No <p>We have examined the Proposer's rationale for this aspect of the change, as set out on Pages 41-42 of the consultation. We are mindful that the NESO is currently engaging with the DNOs/iDNOs with regards to the interface with embedded and distribution connected projects. However, as we are not aware of any outcomes from those deliberations, we are unable at this stage to say whether the Proposed Solution does or does not adequately consider the embedded and distribution connected project interfaces.</p>
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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	<p>considered by the Workgroup? Please indicate which ones you support or do not support and where possible please provide your rationale.</p>	<p>Before addressing the eight current potential Alternatives, it is important to recognise that the details of each of them (as set out on Pages 42-47) are, understandably, not fully matured in their detailed development, therefore the following comments are advisory rather than definitive on our part.</p> <p>Potential Alternative 1 – the discriminatory effects of this solution need to be addressed.</p> <p>Potential Alternative 2 – there may be merit in this approach.</p> <p>Potential Alternative 3 – there may be merit in this approach; however, the potentially discriminatory effects of this solution need to be addressed.</p> <p>Potential Alternative 4 – there may be merit in this approach to incentivise better self-regulation amongst project developers.</p> <p>Potential Alternative 5 – there may be merit in this approach; however, the potentially discriminatory effects of this solution need to be addressed.</p> <p>Potential Alternative 6 – there may be merit in this approach; however, the potentially discriminatory effects of this solution need to be addressed.</p>
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