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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:	Andrew Yates	
Company name:	Statkraft	
Email address:	Andrew.yates@statkraft.com	
Phone number:	07768660326	
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*)
- ☐ **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*;

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- 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 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

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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?	<p>Mark the Objectives which you believe the Original Solution better facilitates than the current baseline:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D</td> </tr> </table> <p>We believe that potential alternatives better facilitate the applicable objectives than the Original proposal. We provide rationale within this consultation response on this point.</p>	Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D			
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>We broadly support the proposed implementation approach in terms of supporting the dormant period. However we believe the trigger should be bespoke to different technologies. Different thresholds should be considered and therefore only applied to technologies that breach the trigger.</p> <p>We believe there should be an option to modify TEC held before having to place a PCK payment at full TEC. The reasoning behind this is that it promotes the behaviour of developers re-evaluating their TEC through design optimisation prior to submitting into planning. This would allow TEC to be freed up for other projects/developers to utilise.</p>		
3	Do you have any other comments?	<p>We do not believe that the rationale and justification for the level of PCF as a percentage of the NPV is appropriate. Project development costs prior to submitting planning are very high. If a project is not progressed, terminated and therefore fails to submit planning, then the additional requirement of the PCF becomes overbearing. The PCF risks becoming a deterrent to development. Queue management milestones for Transmission connections have been introduced, but has not had the time to embed and deliver any outputs/results. As an industry we should consider</p>		

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		<p>allowing time for the queue management milestones to come into effect of their intended purpose and review outputs of this, prior to the introduction of PCF.</p> <p>It should also be noted that a PCF for a large project (e.g. a 750MW BESS scheme) becomes intolerable, and therefore there needs to be a consideration for an overall cap per technology. This consultation has considered the impacts on smaller, distribution projects, but not large transmission ones.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/> No</p> <p>No yet – we have provided input of support on proposed alternatives in response to question 16 but like to understand how those will be integrated following this feedback from all affected parties</p>
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?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>We do not have any comment on this question</p>

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.	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Though we agree that industry needs to encourage developers to move swiftly to M1, we feel there is already the process of queue management milestones to manage this. We disagree with the duration of the fee. We agree with the challenges made by the Workgroup members that the period is too short and should be expanded. To potentially hit projects with a PCF upon gate 2 offer acceptance, on top of what could be a significant increase in securities is too much at the one time.</p>
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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 checked="" type="checkbox"/> No <p>We agree with the profile of the fee, which is significantly lower than the previous £20K/MW proposal. However we do not agree with the time of the fee, as we feel this deters normal project management.</p> <p>We also feel there is a disconnect in terms of the acceleration of the fee dependant on grid connection date, i.e. projects with a 2030 date will have steeper acceleration, versus say a 2035 date which builds up more steadily. We would encourage consideration of backdating this from the connection date rather than it being forward calculated.</p> <p>This could be done by delaying the PCF to closer to the M1 date in order to provide development and optimisation for the project. The focus needs to be on preventing trading of grid, not penalisation and deterrent of normal project development.</p>
8	Do you agree or disagree with the current design of the PCF (Progression Commitment Fee) in the CMP448 Original Proposal regarding the Trigger Metric ? Please provide the rationale for your views.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>We do not agree with the proposal regarding the trigger metric as we believe the trigger should be bespoke to different technologies – see also response to question 2.</p>

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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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No We do not agree with the proposal regarding the trigger threshold as per responses to questions 2 & 8.
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 do not agree with the proposal regarding the trigger activation governance as per responses to questions 2 & 8.
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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No We agree with the £/MW value of the fee and the staged increase, but we do not agree with the timing as per response to question 7.

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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.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		We do not have any comment on this question.
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We agree with the current outline for projects that would be within scope of the PCF.
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
		We agree with the Proposer's approach to demand projects. Demand projects in general have less certainty than generation and less oversubscribed
15	Do you agree with the PCF (Progression Commitment Fee) scenarios put forward	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	by the Proposer? Please provide your rationale.	We agree with the PCF scenarios put forward.
16	Do you agree with definition of Queue Health put forward by the Proposer? Please provide your rationale.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		We do not agree with the definition of Queue Health put forward. With there being potential changes to overall capacities as part of CP2030, we do not believe sticking to a volume of 6GW is appropriate, and should instead be a percentage as challenged by Workgroup members relating to individual technologies
17	Do you agree that the Proposal adequately takes into consideration the interface with embedded and distribution connected projects ? Please provide your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We agree that the proposal adequately takes into consideration the interface with embedded and distribution connected projects, and that it is imposed in the same way as transmission connected projects. However we are aware of the ongoing discussions and challenges on how this will be implemented. In order to fully comment, the detail on the how is critical. Implementation timing challenge for embedded could be resolved by incorporating some of the delays suggested in alternatives

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18	<p>Do you have any views on any of the initial potential alternatives considered by the Workgroup? Please indicate which ones you support or do not support and where possible please provide your rationale.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>We agree with potential alternatives 4, 6 and 7.</p> <p>Alternative 4: Would not be required if implement the option to reduce TEC before PCF is imposed.</p> <p>Alternative 6:</p> <p>Within this consultation response, we have made several references to there needing to be a technology specific triggers. What we would like confirmed with this alternative is whether the threshold would still be a volume MW figure – our position would be that this is instead a percentage.</p> <p>Alternative 7:</p> <p>We fully agree with potential alternative 7 as this was what we put forward within the Workgroup. This defers the higher PCF until the project planning is further developed and MW TEC confirmed. Reduction / surrender can still take place at the lower existing TEC fixed security rates</p> <hr/> <p>Alternative 1, 3 and 8 are valid and worthy of further consideration</p>
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