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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 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 or cusc.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Jonathan Whitaker	
Company name:	Scottish Hydro Electric Transmission plc	
Email address:	Jonathan.Whitaker@sse.com	
Phone number:	07389 755172	
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 checked="" 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:						
		<table border="1"> <tr> <td>Original</td> <td> <input checked="" type="checkbox"/>i <input type="checkbox"/>ii <input type="checkbox"/>iii <input checked="" type="checkbox"/>iv <input type="checkbox"/>None </td> </tr> <tr> <td>WACM1</td> <td> <input type="checkbox"/>i <input type="checkbox"/>ii <input type="checkbox"/>iii <input type="checkbox"/>iv <input checked="" type="checkbox"/>None </td> </tr> <tr> <td>WACM2</td> <td> <input checked="" type="checkbox"/>i <input type="checkbox"/>ii <input type="checkbox"/>iii <input type="checkbox"/>iv <input type="checkbox"/>None </td> </tr> </table>	Original	<input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" 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 checked="" type="checkbox"/> None	WACM2	<input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		Original	<input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" 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 checked="" type="checkbox"/> None					
		WACM2	<input checked="" type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None					
<p>We believe that the Original Proposal better facilitates applicable objectives i) and iv) than the baseline. We support the broad policy intent of the Original Proposal. The proposal, if approved, would allow the facility to be introduced that would encourage projects that are more ready to connect to be able to progress quicker.</p> <p>Objective i)</p> <p>We believe that the Original Proposal and WACM2 better facilitate Objective i) than the baseline. Should the PCF be activated (due to a large amount of project capacity failing to progress appropriately in the future connections queue) it could incentivise less viable or speculative projects to exit the queue, and could encourage readier projects to apply, and so enable quicker connection of projects that are more ready to connect. By introducing a discount for customers that self-terminate WACM2 could offer additional incentive for less viable projects or projects not progressing</p>								

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		<p>quickly enough to exit the queue. Please see objective iv) below for more comments on WACM2.</p> <p>Objective ii)</p> <p>The Original Proposal could facilitate effective competition by implementing a framework that could (if activated) incentivise projects to apply and join the connections queue at a readier stage and disincentivise less viable projects from joining the connections queue.</p> <p>Although the proposal could improve the competition element, it could lead to unintended consequences, for example potentially disadvantaging some viable projects. In particular, smaller and community projects, as the overall increase to financial commitments would have a relatively larger impact on them.</p> <p>Objective iii)</p> <p>Neutral</p> <p>Objective iv)</p> <p>We believe that the Original Proposal better facilitates Objective iv) than the baseline.</p> <p>Should the PCF become active, the PCF could incentivise unviable projects to leave the connections queue in a timely manner. Should this capacity then be reallocated to a more viable project (or projects) it would allow more efficient utilisation of transmission assets and investment.</p> <p>The PCF could disincentivise unviable projects from joining the connections queue. As well as potentially increasing efficiency in TO investment planning, this would promote efficiency in the administration of the CUSC by reducing inefficiencies associated with administering applications for unviable projects.</p> <p>WACM 2 could cause uncertainty and inefficiencies in TO investment planning. Under WACM2 there is a risk that a developer could submit a mod app for capacity</p>
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		reduction and then not sign the modified connection offer. In this scenario, the developer could fail M1 and would still be entitled to the 75% reduction of the PCF for the portion of capacity that they requested be reduced in their mod app. This is contrary to the intentions of the PCF (to provide a financial incentive for developers of projects that have become unviable to proactively exit the queue in a timely manner). Due to this defect there could be an increase in applications where the developer may or may not end up accepting the modified connection offer which would cause a burden on TOs in providing unnecessary offers. Processing of such applications could decrease efficiency in the administration of the CUSC arrangements.
2	Do you have a preferred proposed solution?	<input checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>Yes, in general we support the proposed implementation approach.</p> <p>As this modification is due to be implemented at a time of substantial industry reform and change, work is required to ensure that industry understand it. This is especially important given the complexity of the</p>

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		<p>solution and the timing of implementation.</p> <p>Communications with industry and relevant guidance documents will be required to ensure customers can consider offers with a full understanding of how the PCF could potentially impact their project(s), both for Gate 2 to Whole Queue and the new enduring connections process.</p>
4	Do you have any other comments?	<p>The Original Proposal could disadvantage smaller and community projects and unduly impact their viability. We believe NESO should give further consideration to smaller and community projects to ensure they are not unduly detrimentally impacted by the proposal.</p> <p>By introducing an additional incentive for unviable projects to leave the connections queue WACM2 could help facilitate more timely and efficient connection of viable projects. The WACM2 solution has a lot of merit, and we feel that the administrative concerns we have highlighted above could have been resolved with additional workgroups.</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	<div> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div> <div> <p>Click or tap here to enter text.</p> </div>

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	conditions held within the Code?	
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