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Workgroup Consultation Response Proforma

CMP447: Removal of designated Strategic Works from cancellation charges/securitisation

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 **04 August 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 sarah.williams@neso.energy or cusc.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Neil Bennett	
Company name:	SSEN Transmission	
Email address:	Neil.bennett@sse.com	
Phone number:	07437176084	
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

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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:

- 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.

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For reference, 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.

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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 Workgroup Consultation questions		
1	Do you believe that the Original Proposal better facilitates 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 type="checkbox"/>i <input checked="" type="checkbox"/>ii <input type="checkbox"/>iii <input type="checkbox"/>iv <input type="checkbox"/>None </td> </tr> </table>
Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None	
The original proposal improves competition by ensuring consistency with Offshore schemes that have strategic works removed through CMP428 and mitigates the issue of large securities/liabilities being a barrier to entry for small scale developers/local community groups		
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		The shortest period possible for implementation should be pursued to ensure connection offers under the Gate 2 to Whole Queue exercise have updated securities to reflect the original proposal solution. If it is not implemented before offers are issued there is a concern that this could cause some offers to not be accepted purely based on high security/liability alone.

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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	Does the draft legal text satisfy the intent of the modification?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Although I agree with the draft legal text for CUSC purposes, I do believe there should be further draft legal text proposed for STC as it is unclear how strategic projects will be determined by NESO for proposal to OFGEM without TO input. I believe an update to STC to require TOs to assist in information provision relating to excepted works is required.
6	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

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Specific Workgroup Consultation questions		
7	Can you suggest a better definition, than those put forward in the Workgroup Consultation of how Ofgem might exercise its discretion in relation to designation of transmission works?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>Although agree with how OFGEM might exercise their discretion, there should be a process for the periodic notification to OFGEM of which projects should be considered excepted. Would propose a certain period(perhaps a month or 2?) prior to the bi annual securities update to submit to OFGEM</p>
8	Can you suggest an alternative approach to adjustment of the 'fix' of the Attributable Works to that in the Original Proposal?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>Although I could suggest an alternative approach to adjustment of fixed works, I do believe this is the most appropriate approach- A one off removal of the fixed elements that have become excepted. This ensures the main principles around fixing liabilities set out in the original CMP192 are adhered to.</p> <p>One concern regarding future fixing of liabilities however is where projects fix prior to works becoming excepted and thus being removed from variable profiles but not the fixed ones once amended to excepted. I wouldn't agree to the removal of the fixed elements for future iterations of excepted works, however I think it should be explicitly communicated to customers regarding the potential for this to occur in order for them to be fully aware of the consequences of fixing liabilities</p>

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9	Do you consider that if works are to be removed from the Attributable works cancellation charge (and therefore not securitised via the Attributable Works component of a Generator's potential cancellation charge), because they are designated as "Excepted", the definition of wider works cancellation charge should be altered so as to remove them from the wider works cancellation charge?	<div data-bbox="579 416 663 448"><input type="checkbox"/>Yes</div> <div data-bbox="579 492 655 524"><input checked="" type="checkbox"/>No</div> <div data-bbox="579 566 1390 896"> <p>I don't believe they should be removed from wider works cancellation charge as well as attributable. Wider works cancellation was brought in to ensure there is securitisation of general works on the network that would benefit all parties. Wider works, I believe, would also have significantly less charge than directly attributable liabilities due to the reduction factors mentioned plus the socialisation between the zones.</p> </div> <div data-bbox="579 990 1394 1276"> <p>I believe it would be worth taking an example ASTI cost and using that to amend the £/MW rate to see what the impact could be. This would allow the work group to have comfort/concern over the potential impact and the workgroup could then consider whether the impact would be large enough to warrant further consideration to its removal</p> </div>
10	Following on from Question 9, does this require a different modification if so?	<div data-bbox="579 1659 663 1691"><input type="checkbox"/>Yes</div> <div data-bbox="579 1736 655 1767"><input checked="" type="checkbox"/>No</div> <div data-bbox="579 1812 1050 1850"> <p>Click or tap here to enter text.</p> </div>

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11	Is it important is it for this solution to be implemented in time for Gate 2 offers being issued? Please explain your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		As noted in my response to question 2, it is very important to ensure implementation before offers are issued due to the potential of terminations based on high liabilities that could have been avoided.