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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:	Kirsty Dawson	
Company name:	Statkraft UK Ltd	
Email address:	Kirsty.Dawson@statkraft.com	
Phone number:	07442 604102	
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

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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?	<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 checked="" type="checkbox"/>i <input checked="" type="checkbox"/>ii <input type="checkbox"/>iii <input type="checkbox"/>iv <input type="checkbox"/>None</td> </tr> </table> <p>Primarily this mod we believe will reduce the financial burden that securitising against large reinforcements currently has. The removal will also allow for the process of issuing securities to become more efficient. We currently spend a significant amount of time querying and disputing Attributable Works that can wrongly be included in our agreements.</p>	Original	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
Original	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None			
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <p>We generally support the proposed implementation approach and the strong impetus to align with the issuing of new Gate 2 offers in the</p>		

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		<p>autumn. However we do have concerns that this will not be implemented in enough time.</p> <p>Having this mod implemented prior to the issuing of gate 2 offers is critical to ensure securitising against Attributable Works is not a barrier to being able to accept a gate 2 offer, especially with the significant time and effort put in to date to give our portfolio the best chance possible of receiving gate 2 offers.</p>
3	Do you have any other comments?	<p>It is further suggested that any offers issued prior to implementation of CMP447 should have their security profiles updated prior to acceptance deadlines.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>
5	Does the draft legal text satisfy the intent of the modification?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>As brought up in the working group, we understand the challenges faced in defining works that, should this mod be approved and implemented, will be removed from Attributable Works.</p> <p>The current legal text which states:</p>

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		<p>'it is thought likely that it would take account of works such as ASTI and LOTI schemes'</p> <p>We have concerns that this could be interpreted differently by TOs/NESO CCMs.</p> <p>There is definitely an immediate need to have a full list of reinforcement works which would be covered under this mod before the issuing of gate 2 offers.</p>
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?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

Specific Workgroup Consultation questions

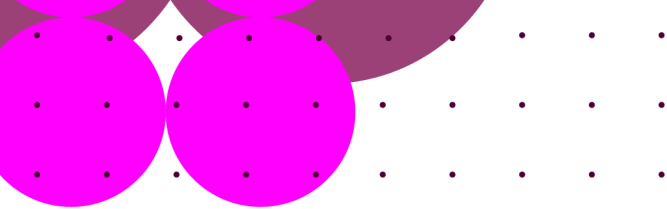
7	Can you suggest a better definition, than those put forward in the Workgroup Consultation of how Ofgem might exercise its	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>
		<p>We don't have a suggestion. But would like to stress the importance of knowing exactly what reinforcements would be removed from Attributable Works through this mod in order to be</p>

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	discretion in relation to designation of transmission works?	sound business decisions (for G2WQ and future windows) and remove barriers to accepting gate 2 offers.
8	Can you suggest an alternative approach to adjustment of the 'fix' of the Attributable Works to that in the Original Proposal?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Flexibility for developers is key, especially whilst we do not know the outcomes from our projects post G2WQ process.</p> <p>We have concerns that through the grid reform methodologies, current contracted agreements could change dramatically in terms of works & costs.</p> <p>With this, we believe there should be an ability for developers to fully unfix, review their gate 2 offers, and then make an informed decision.</p> <p>We do however recognise that this is a wider issue than just this mod, and again, do not wish to hold up this mod being approved and implemented because of this challenge.</p>
9	Do you consider that if works are to be removed from the Attributable works cancellation charge (and therefore not securitised via the	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>However, we do not want this to delay this mod.</p>

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	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?	
10	Following on from Question 9, does this require a different modification if so?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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 Please refer to our response in question 2.



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