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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:	Charles Yates	
Company name:	Muir Mhor Offshore Wind Farm Ltd	
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Phone number:	07768337854	
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?	Mark the Objectives which you believe the Original solution better facilitates than the current baseline:
		Original <input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		We consider that the Original solution is neutral regarding Objectives i, iii and iv. The Original solution will enhance competition by ensuring that cancellation charges are not excessive and so do not deter investment in viable renewable generation.
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We strongly support the proposed implementation approach as it is very important for the successful delivery of Clean Power 2030 that this Modification is implemented soon enough to be reflected in

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		<p>Gate 2 offers. Otherwise, there will be delays in accepting these offers while the level of cancellation charges is adjusted or even worse, offers will be rejected by viable projects simply because the cancellation charges are excessive.</p> <p>To support timely delivery, Ofgem should issue the initial list of designated works, which can be expanded from time to time, when they decide on this modification. In addition, in anticipation of Ofgem's decision, NESO could start mapping ASTI, LOTI and Medium Sized Investment Project (MSIP) works to specific generation projects.</p>
3	Do you have any other comments?	<p>The logic of this modification that generators should not pay for strategic designated works which are of wider benefit and have already been funded, means that the cost of strategic designated works should be excluded from Wider Charges. Leaving these cost in Wider Charges would be "double charging", limit competition among generators and cut the volume of renewable generation coming online in the medium term. Please see the answer to Question 9 for further support for this point.</p> <p>Certainty about the implementation of this Mod for individual projects will boost investment and so clarity and transparency about the process is required. The reductions in cancellation charges for individual projects may be confidential but</p>

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		there should be an explicit and transparent process to determine these reductions. The value of transparency is also addressed in our answer to Question 5.
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>Not at this stage, we trust that the extension of the proposed change to Attributable charges to wider charges will be incorporated into the Original proposal. However, should this not be the case we would work with other stakeholders to quickly develop an Alternative addressing this defect in wider charges.</p>
5	Does the draft legal text satisfy the intent of the modification?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>However, it would increase transparency, investment and competition if the legal text made clear how designated strategic works would be mapped to the cancellation charges for specific generation projects. Ideally, this mapping process would be included in the legal text but failing that it should be in Guidance issued by NESO and endorsed by Ofgem</p>

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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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		We consider that this modification removes a significant barrier to the development of some viable renewable energy sources. Hence, the modification facilitates the participation of renewable energy sources in the balancing mechanism, objective G.

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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Ofgem's approach to designating strategic works should be designed primarily to avoid including the cost of these works in cancellation charges and so encourage the development of viable renewable energy projects. The basis of Ofgem's decision on which works to designate should be consulted on, equitable, use a clear methodology and be as simple as possible. In addition, to support investment Ofgem's designation decisions should be precise, clear and made without delay.
8	Can you suggest an alternative approach to adjustment of the 'fix' of the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		The proposed approach to adjustment of the 'fix' of Attributable Works should be extended to exclude

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	Attributable Works to that in the Original Proposal?	the costs of designated strategic works from both Attributable and wider charges, as explained in our answer to Question 9.
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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>As noted in the answer to Question 3, we strongly support the logical extension of the removal of strategic works from Attributable Works to the removal of strategic works from wider works. This extension is equitable, easy to implement and promotes the rapid development of renewable generation. However, it is important that this extension does not delay the implementation of this CMP.</p>
10	Following on from Question 9, does this require a	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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	different modification if so?	We trust that given the need to reform this aspect of connection charging as quickly and comprehensively as possible, that the proposal in our answer to Question 9 can be addressed in this modification.
11	Is it important is it for this solution to be implemented in time for Gate 2 offers being issued? Please explain your rationale.	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>It would be very valuable for this solution to be implemented before Gate 2 offers are issued as this would support the timely delivery of Clean Power 2030. Otherwise, there will be delays in accepting connection offers while the level of cancellation charges is adjusted or even worse, offers will be rejected by viable projects simply because the cancellation charges are excessive.</p> <p>If this solution is not implemented in time for Gate 2 offers there should be a published implementation timetable including an appropriate extension to the period for accepting Gate 2 offers. This timetable should reflect the importance of providing revised offers in good time for April 2026, a key trigger date for cancelation charges for many projects.</p>