

Public

## 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](mailto: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](mailto:sarah.williams@neso.energy) or [cusc.team@neso.energy](mailto:cusc.team@neso.energy)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Als Scrope	
<b>Company name:</b>	Northland Power	
<b>Email address:</b>	<a href="mailto:als.scrope@northlandpower.com">als.scrope@northlandpower.com</a>	
<b>Phone number:</b>	+44 7309 658733	
<b>Which best describes your organisation?</b>	<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)

Public

☐ **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.

**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;

## Public

- 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.

**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	Mark the Objectives which you believe the Original solution better facilitates than the current baseline:
---	---	---

## Public

	better facilitates the Applicable Objectives versus the current baseline?					
		Original	<input checked="" type="checkbox"/> i	<input checked="" type="checkbox"/> ii	<input type="checkbox"/> iii	<input type="checkbox"/> iv <input type="checkbox"/> None
		<p>Northland Power considers that the Original solution is better than the existing baseline for both the first and second Objectives.</p> <p>The removal of redundant securities will improve competition by (i) enabling a more appropriate apportionment of risk between Generators and Transmission Operators (TOs); (ii) removing unjustified financial burden which will encourage more Generators of varying size and financial flexibility into the market; (iii) particularly support competition and delivery of new and clean generation projects for meeting imminent climate targets.</p> <p>The removal of redundant securities will improve competition by enabling a more efficient process for the issuing of securities by reducing the time needed for discussions and dispute processes about what should be included in security for a particular project.</p> <p>The objectives of both efficiency and competition could be further enhanced by providing certainty for NESO contract managers and generators around the initial list of works that would be excepted. We strongly believe that the list of existing ASTI and LOTI works which are already known should be expressly included in the scope of the mod from the outset, while respecting Ofgem's discretion and retaining flexibility for the future through an ability for Ofgem to add to that list or change terminology/names of schemes as needed.</p> <p>Please refer to Scottish Renewables' responses to questions 2 and 5 for a more detailed explanation of how this mod could be enhanced in this way.</p>				

## Public

2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  <p>Northland Power is supportive of the proposed modification and the suggested implementation approach.</p> <p>We support the strong impetus to align with the issuing of new Gate 2 offers in the autumn, and would welcome any acceleration which would help give NESO contract managers and generators more time to implement and process this mod (if approved) into actual contracts and security documentation.</p> <p>We support Scottish Renewables requesting that the material benefits of the modification should be realised within ten days following Ofgem's decision.</p>
3	Do you have any other comments?	No.
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 <a href="#">Workgroup Consultation Section</a> )  <input checked="" type="checkbox"/> No  <p>Click or tap here to enter text.</p>
5	Does the draft legal text satisfy the intent of the modification?	<input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  <p>We consider the current legal text to be a dramatic improvement over baseline, but still consider that it needs to be further improved as outlined in our response to Question 1 i.e. by providing certainty for NESO contract managers and generators around the initial list of works that would be excepted which are</p>

## Public

		<p>already known while retaining flexibility to add to that list in future or change names of schemes as needed.</p> <p>Please refer to Scottish Renewables' responses to question 5 for a more detailed explanation of how this mod could be enhanced in this way.</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 discretion in relation to designation of transmission works?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We support Scottish Renewables' response to this Question 7 i.e. it would be helpful to have a list of principles that Ofgem will use to designate works at a high level. This will help NESO contract managers, TOs and generators to implement and forecast the effects of the mod.</p> <p>We would like to see greater information on both parts to the process of designation of Excepted Works; firstly, Ofgem identifies works/schemes at a high level, followed by NESO mapping the removal of securities onto specific projects.</p>
---	--	---

## Public

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>Northland feels that this mod is sufficiently exceptional to allow for a one-off exception to the choice of fixing securities by a generator.</p> <p>This mod may mean that some Fixed generators remain committed to the pre-trigger £/MW costs that are much higher than actual build costs, so they should be granted a one-off opportunity to review whether this is in fact appropriate and reverse their decision to fix.</p>
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>The principles being applied to CMP447 with works providing wider system benefit already being deemed strategic and needed would apply in the same way to associated wider works.</p> <p>We share concerns that an increase to wider works as shared through Electricity Ten Year Statement (ETYS) zones could be unfair for zones that are comparatively small, such as for some of the Scottish islands, which could see a large increase in securities.</p>
10		<input checked="" type="checkbox"/> Yes

## Public

	Following on from Question 9, does this require a different modification if so?	<input type="checkbox"/> No
		If wider works cannot be considered in the current timescales set out for the modification CMP447, it should be considered urgently in a follow up 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.	<input checked="" type="checkbox"/> Yes
		<input type="checkbox"/> No  <p>It is absolutely vital for the Objectives listed above that this solution is implemented in time for Gate 2 offers to safeguard existing and future project development, and contribute to the success and timely delivery of Connections Reform.</p> <p>Without the modification in place by the time Gate 2 offers are issued, Generators may not be able to accept offers if their securities profile is not adjusted accordingly. If the modification is not implemented by this time, there needs to be sufficient time for Generators to be able to review offers in three months or accept and allow modification applications to be submitted, ahead of December 2025, to avoid trigger dates occurring in April 2026.</p>