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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:	Rachel Hodges	
Company name:	Cubico Sustainable Investments Ltd	
Email address:	Rachel.hodges@cubicoinvest.com	
Phone number:	07765144505	
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

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 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;

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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.

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:
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	better facilitates the Applicable Objectives versus the current baseline?	<div>Original</div> <div> <input type="checkbox"/>i <input checked="" type="checkbox"/>ii <input type="checkbox"/>iii <input type="checkbox"/>iv <input type="checkbox"/>None </div> <p>We believe the proposal supports the facilitation of effective competition as it aims to remove barriers to entry that are in place for some projects and not for others. It is well aligned to the move to a more coordinated and optimal network and system design and will reduce anomalies that were occurring in the securities and liabilities methodology.</p> <p>It may also support the delivery of a more efficient system as it will not require the administration of complex security calculations and collection.</p>
2	Do you support the proposed implementation approach?	<div> <input checked="" type="checkbox"/>Yes <input type="checkbox"/>No </div> <p>Subject to our further comments below, we see this proposal as a positive move towards a fairer and more balanced approach to securitising network build that is triggered by the required net-zero transition.</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?	<div> <input type="checkbox"/>Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/>No </div> <div>Click or tap here to enter text.</div>
5		<div> <input type="checkbox"/>Yes <input type="checkbox"/>No </div>

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	Does the draft legal text satisfy the intent of the modification?	No comment
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

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
		<p>A clearer and more definitive list of excepted works will be crucial. Whether that is defined by using LOTI / ASTI / HND / Beyond 2030 / CSNP or by giving a list of all the schemes and their reference numbers from the TWR as they are identified. And a clearer methodology for what will be defined as an excepted work. This is still not clear from the WG discussions and is critically important. We recognise it is hard and there is a desire to avoid 'locking in' a definition that may need revision as things change but without a definition the proposal risks having no teeth and being open to</p>

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		different interpretations in different circumstances leading to a lack of fairness and transparency. It will also perpetuate a situation where developers have a lack of visibility of the expected costs and risks they may face and in a time where they are being asked to take on more risk before being able to get a firm, gate 2, connection offer that is not helpful.
8	Can you suggest an alternative approach to adjustment of the 'fix' of the Attributable Works to that in the Original Proposal?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We agree that it should be possible for projects with excepted works in their current set of securities to have those removed from their securities going forward whether they had previously fixed or not. We do not have a strong opinion on whether those who have opted for fixed that would not had they known that this proposal was being put forward should be allowed to return to attributable but as the current whole queue to Gate 2 process is a 'once only' process it may be sensible to allow all schemes that get a Gate 2 offer as a result of this process to have their securities reviewed and opt at that stage to choose to fix or not. This has other consequences and not be suitable but should maybe be considered. This would be a one-off option and not one that is offered for future Gate 2 windows.</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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>This seems appropriate. Dependant on where the MITS node is located related to each scheme will dictate whether the works is treated as attributable or wider but some wider zones are actually relatively small and a set of strategic works that is included in the wider</p>

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	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?	works cancellation charge for a zone could have a large impact on the charge that zone sees. We have seen some major volatility in wider works cancellation charges in recent years and these could continue to be more and more volatile and more and more significant as the anticipated net-zero network build-out is planned and built. We appreciate that these wider cancellation charges only occur post-trigger and so may be more palatable by generators but a consistent treatment of securities should be the aim. If the works are already secured and funded then they should not form part of the attributable or wider cancellation charges. We do not see this as a risk with relation to stranded assets – we all know we need more generation and more transmission to meet our goals.
10	Following on from Question 9, does this require a different modification if so?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No We don't think it should need a different modification but if it does then it should be raised quickly and in parallel.
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 If the current Whole Queue to Gate 2 process is allowed to complete and projects are asked to accept new offers with new securities that are potentially very high because this amendment has not been implemented in time, then it will not allow developers to make suitable investment decisions. Some of these projects may be very advanced and suddenly have new works attributed to them that were never there before. We have asked developers to take significant risk to get to this stage without clear visibility of connection dates or

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		locations. To fail to implement this proposal in time will further endanger our ability to meet the CP30 plans. If it is not possible to meet these timescales then Ofgem should consider derogations or extensions to acceptance timelines.
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