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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:	Grahame Neale	
Company name:	Lightsource bp	
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Phone number:	07741 158 820	
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 checked="" 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:
		<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	
We agree with the proposer's commentary on the CUSC objectives in that this proposal will support competition by ensuring generation stakeholders all face appropriate Attributable Works cancellation charge.		
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We agree with an implementation 10 working days after Ofgem's approval and would encourage Ofgem to make this decision in a timely manner to allow any approval to be factored in to Gate 2 offers.

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3	Do you have any other comments?	The solution does not clearly define if there is the ability for Ofgem to revoke any designation of works resulting in 're-adding' of works back into the User Commitment methodology. We believe this needs to be clearly articulated if this will be possible and, if so, how this will be managed. It would be preferable if this was not to happen but accept this may be a possibility and so as much notice as possible should be given before being reflected in cancellation charges.
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
		Not at this time
5	Does the draft legal text satisfy the intent of the modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>We believe the legal text largely satisfies the intent of the modification however we believe it should be amended to address our first comment in question 3; in addition there is a typo and the new text should read.</p> <p>'or as otherwise so designated by the Authority;</p> <p>Please also see Question 8 for another suggestion regarding the legal text.</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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Yes, we agree with the workgroup's assessment that CMP447 does not impact on EBR Article 18 terms and conditions.

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
		We believe the text suggested is sufficient as it allows maximum flexibility to Ofgem to designate works as they see fit. The impetus should then be on Ofgem to articulate how and why some works may be designated as Excepted Works whilst others are not.
8	Can you suggest an alternative approach to adjustment of the 'fix' of the Attributable Works	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Whilst we support the approach of updating the Fixed Attributable Works Cancellation Charge, we

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	to that in the Original Proposal?	believe it would be clearer if the Fixed Attributable Works Cancellation Charge was 'recalculated' after removing the Excepted Works rather than 'adjusted'. This makes it clearer that the methodology of calculating the Fixed Attributable Works Cancellation Charge remains unchanged and is reapplied after the removal of the Excepted Works; whilst an adjustment suggests another variable may be added to the calculation.
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	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>This depends on the proposer's intent of the modification. If the intent is to entirely remove the Excepted Works from being securitised, then the Excepted Works should be removed from both the Attributable Works Cancellation Charge and Wider Works Cancellation Charge. However, if the intent is to reduce the burden on specific generators and socialise the securitisation of the Excepted Works across other generators, then they should remain in the Wider Works Cancellation Charge.</p> <p>We believe the prudent approach is to entirely remove Excepted Works from the User Commitment methodology, which would involve removing them from both Attributable Works and Wider cancellation charges.</p>

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	cancellation charge?	
10	Following on from Question 9, does this require a different modification if so?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>The CMP428 Final Modification Report states:</p> <p>“To note: there will be no immediate impact upon how the Wider Cancellation Charge is applied to affected Generators as this only comes into effect post Trigger Date; wider works liabilities and the application of the Wider Cancellation Charge in relation to the HND or iterations to the HND will be reviewed by the ESO outside of this modification.”</p> <p>Our interpretation of this is that the Wider Works Cancellation Charge was within the original scope of CMP428 but was not progressed. As CMP447 is to “<i>extend the effect of CMP428 to other relevant circuit elements comprising onshore boundary reinforcement, that are not HND works</i>” we believe the treatment of the Wider Cancellation Charge could be argued to be in scope.</p>
11	Is it important is it for this solution to be implemented in time for Gate 2 offers being issued?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Whilst a decision on CMP447 is not essential to implementing connections reform or the provision of Gate 2 offers, it is the only time when the entire</p>

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	<p>Please explain your rationale.</p>	<p>connections queue will have their connection agreements updated simultaneously.</p> <p>One of the key benefits of connections reform is the ability for networks to undertake a coordinated network design of the onshore network by batching projects into gates and windows. This principle should also apply with regulatory change so that contracts issued after an application window are reflective of the latest industry developments when they are issued to minimise 'TBC clauses' which add investment uncertainty and risk.</p>
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