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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:	Sarah Graham	
Company name:	Arven Offshore Wind Farm Limited	
Email address:	Sarah.Graham@oceanwinds.com	
Phone number:	07464675593	
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?					
		Original	<input type="checkbox"/> i	<input checked="" type="checkbox"/> ii	<input type="checkbox"/> iii	<input type="checkbox"/> iv <input type="checkbox"/> None
		<p>We support the modification and agree that it is important to extend the principles established by CMP428 to other strategic works, not just those identified by the Holistic Network Design (HND) and its follow up exercise (HND FUE).</p> <p>The intention of this modification is to remove redundant securities from Generator responsibility, which in turn better allocates network build risk between Transmission Operators (TOs) and Generators. The potential benefits of the proposal include increased certainty for Generators regarding cancellation charge liabilities. This is particularly important given the general trend of significantly increasing Attributable liabilities. This is inherently positive for competition (ACO ii) as reducing the securities liability will enable more Generators of varying sizes to participate in the market and ensure existing projects are able to progress without factoring some unnecessary risk.</p> <p>We have some concerns, however, regarding the proposed definition of “Excepted Works”, and we believe that the current proposal leaves too much uncertainty regarding which specific transmission works will be exempted. This uncertainty both reduces the benefit of the proposal and increases inefficiencies for NESO when issuing connection offers. We are concerned that could easily lead to errors or disputes which will undermine the effectiveness of this modification.</p>				

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2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We agree strongly with workgroup members who have stressed the importance of this modification being implemented in time for Gate 2 offers.</p> <p>We support the statement from NESO that the Connections Team aim to take account of this modification (if approved) within Gate 2 offers, but we want to re-emphasise the importance of timing.</p> <p>At present, it is unclear how much time will be needed to identify and determine which works will qualify under this modification. Should this modification be approved by Ofgem and not include a comprehensive list of qualifying projects, Generators will need to know the timeline and process that can be expected to be notified of qualifying works. This, especially in how it interacts with the Gate 2 offers/ connections reform process, will be critical for ensuring correct implementation of this modification. Timing and transparency are critical because parties that could be impacted may need to submit a Modification Application to avoid the April 2026 Trigger Date and/or make critical decisions on accepting offers.</p> <p>If there is a delay between Ofgem's decision and NESO/TOs' removal of securities in offers, Generators that typically have three months to accept Gate 2 offers need to be protected. There needs to be the ability to reissue securities within that period to update offers and clock-start the three months from the point of the update, and/or there should be no time limit to accept for projects that are in scope of the</p>
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		modification's impact if the modification is in train/has been approved by Ofgem.
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 Workgroup Consultation Section) <input checked="" type="checkbox"/> No Click or tap here to enter text.
5	Does the draft legal text satisfy the intent of the modification?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>The legal text for the definition of Excepted Works is very broad. We agree that it needs to cover future potential funding mechanisms rather than being solely tied to Accelerated Strategic Transmission Investment (ASTI) or Large Onshore Transmission Investment (LOTI), Centralised Strategic Network Plan (CSNP) (or similar), but we think the phrasing "<i>so designated by the Authority</i>" is so broad that it does not convey any certainty to a Generator to understand which works are likely to be deemed Attributable and which are not.</p> <p>We can see some specific issues from the lack of clarity in the current wording:</p> <ol style="list-style-type: none"> 1. No ability for Generators to forecast when/if works could be designated by Ofgem and how long it might take to remove major strategic works from their Attributable liabilities. 2. Potential for accidental discrimination between projects - we have already seen a significant

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		<p>number of errors in the scope of Attributable Works and Cancellation Charge calculations in offers. If it is the responsibility of individual projects to be pro-active in requesting that Excepted Works identified in the future are removed from their Attributable Works then this could lead to some projects having liabilities removed earlier than others.</p> <p>3. Risk of ongoing need to adjust “Fixed” liabilities as additional Excepted Works are identified over time.</p> <p><u>Proposed solutions:</u></p> <p>Some of the above issues could perhaps be mitigated by establishing an Excepted Works Register. This should be updated bi-annually in January and June prior to securities statements being issued to Generators. Ensuring this information is collated in the public domain will help to prevent accidental different treatment of projects.</p> <p>The current proposal could work alongside clear guidance from NESO and the Authority on the principles used to determine Excepted Works, and we would expect that this would include a non-exhaustive list of funding mechanisms and asset classifications which would be considered as Excepted Works, but allowing discretion to add additional strategic works that fell into a different or future framework.</p>
6	Do you agree with the Workgroup’s assessment that the modification does not	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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	impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	
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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
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 type="checkbox"/> No <p>We broadly agree with the proposed adjustment of any Fixed Attributable Works, but we see this as an ongoing issue, as a Generator may receive an offer prior to a large work being classified as an Excepted Works even after the implementation of CMP447.</p> <p>A potential solution is that the adjustment of Fixed Attributable Works is completed annually on an ongoing basis.</p>

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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
		See response to question 10.
10	Following on from Question 9, does this require a different modification if so?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The same principles appear to apply to Wider Works as Attributable Works – i.e. if an individual User cancelling would not be expected to change the needs case for a strategic reinforcement, then it seems unnecessary for this to be secured via either the Attributable or Wider Works. Therefore, we believe the Original Proposal should be expanded to update the definition of Wider Works Cancellation Charge to reflect this.
11		<input checked="" type="checkbox"/> Yes

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	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 type="checkbox"/>No</p> <p>If a significant number of Gate 2 offers were issued <i>without</i> this modification being considered, this would lead to potentially hundreds of connection agreements having to be re-drafted to remove the Excepted Works, which seems highly inefficient!</p> <p>We also note that some Users could be unduly incentivised to fix their liabilities to avoid unreasonably punitive liabilities prior to the modification being implemented.</p>
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