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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](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>	Duncan Hughes	
<b>Company name:</b>	Zenobe Energy Limited	
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<b>Phone number:</b>	07788143015	
<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input 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?	<p>Mark the Objectives which you believe the Original solution better facilitates than the current baseline:</p> <table border="1"> <tr> <td>Original</td> <td> <input type="checkbox"/>i   <input checked="" type="checkbox"/>ii   <input type="checkbox"/>iii   <input checked="" type="checkbox"/>iv   <input type="checkbox"/>None </td> </tr> </table> <p>Click or tap here to enter text.</p>	Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None			
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <p>It is necessary to ensure this change is implemented ahead of the first batch of Gate 2 offers being issued to provide certainty to developers as to what liabilities we are accepting.</p>		



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	<p>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>	<p><input checked="" type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>
8	<p>Can you suggest an alternative approach to adjustment of the 'fix' of the Attributable Works to that in the Original Proposal?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>A User that converts an existing connection agreement into a Gate 1 agreement as part of the G2TWQ process is effectively being allowed to terminate their exiting agreement and be relieved of all associated liabilities. It seems unfair that a User that progresses to a Gate agreement is being force to remain with the fixed security profile that may have been selected when the terms of their connection agreement were very different. Given all Gate 2 offers will be subject to the usual 3-month post-offer negotiation period, it is not clear why a User would not be allowed to change back to an actual profile should they wish. Any Users that selected the fixed profile upon receipt of their Gate 2 offer (or at a later date) should then be</p>

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		bound by the current “cannot change back” rules as normal.
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>User commitment requirements are intended to provide protection to TOs when they may have incurred “wasted” investment in the event a User terminates their connection agreement. If funding for TO works is entirely protected through another mechanism (e.g. LOTI) there can be no justification for having User’s secure those works whether as attributable work or through the wider charge.</p>
10	Following on from Question 9, does this require a different modification if so?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Click or tap here to enter text.</p>

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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>The G2TWQ process, while necessary, has introduced huge levels of uncertainty for developers. Ensuring any change to the securities methodology is implemented ahead of Gate 2 offers being issued will ensure developers get an accurate understanding of their security requirements when choosing whether to accept the Gate 2 offer.</p>