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## Code Administrator 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 **03 October 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 [cusc.team@neso.energy](mailto:cusc.team@neso.energy)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Ciaran Fitzgerald	
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<b>Phone number:</b>	07867 191168	
<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:**

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(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 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, (for consultation question 5) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:

- a) fostering effective competition, non-discrimination and transparency in balancing markets;

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- 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.

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

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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 Code Administrator Consultation questions			
1	Please provide your assessment for the proposed solutions against the Applicable Objectives against the current baseline?	Mark the Objectives which you believe the proposed solutions better facilitate than 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
		WACM1	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM2	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM3	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		<p>We believe that the original, and each of the alternatives, better facilitate applicable objective ii) by enabling more effective competition in the generation of electricity.</p> <p>Cancellation Charges are a means of protecting Transmission Owners in the event of project termination. However, in doing so they create a risk to projects and in some cases, will deter projects from accepting connection contracts because of that risk. Some of those projects would be viable projects but are still deterred because of the level of risk and the early stage in the project lifestyle that the project may be in when offered a contract. This modification removes an unnecessary level of risk to</p>	

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		<p>generation projects without increasing the risk to Transmission Owners. Therefore, its implementation will encourage more projects to accept a grid connection offer and continue through the development process until connecting, which creates better competition for the generation of electricity. This could be particularly beneficial to support investment in innovative and novel technologies which may require lower levels of financial risk at the early stages of development, in order to secure the levels of investment needed to develop the technology. The support and facilitation of innovation and new technologies is a particular benefit of this modification as allowing for new types of market participants will further enhance competition. We believe that the original and each of the alternatives are fundamentally similar in the way that they bring would bring this benefit. Arguments have been made in the workgroup and alternative proposals that the original and alternatives could provide some benefit against applicable objectives i) and iv). Whilst we believe it is possible that there could be some benefits in these areas, we feel these benefits are less certain and less clearly defined, and so we have marked the original and each alternative as neutral against these objectives.</p>
2	Do you have a preferred proposed solution?	<p> <input type="checkbox"/>Original  <input type="checkbox"/>WACM1  <input type="checkbox"/>WACM2  <input checked="" type="checkbox"/>WACM3  <input type="checkbox"/>Baseline  <input type="checkbox"/>No preference         </p> <p>Each of the alternatives would be a significant improvement versus the baseline. WACM1 and WACM2 each address potential shortcomings with the original but are the complete solution in themselves. WACM3</p>

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		combines the benefits of WACM1 and WACM2 and we believe it enhances the benefits against ACO ii) by providing additional clarity and transparency early in the process for User's. This will allow User's to make informed decisions by enabling them to anticipate and understand the benefits that the modification brings. This is likely to encourage more viable projects to proceed with development and seek a Gate 2 contract.
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We agree with the implementation approach but believe it is imperative that the code modification should be implemented prior to the issuing of Gate 2 offers as this is where the benefits/impact of the modification will be felt. During the workgroup discussions, some alternative solutions were discussed should the modification not be approved in line with this required timeline, but none of those fully mitigated the issues that this would create. It would not be fair on projects going through the G2TWQ exercise, to have to choose to accept or reject contracts in a pre-CMP447 implementation scenario, if subsequent Gate 2 applicants were then to benefit from the modification.</p>
4	Do you have any other comments?	NESO should consider how the revised timeline for issuing Gate 2 offers interacts with this code modification.
5	Do you agree with the Workgroup's assessment that the modification	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	N/A
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