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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 cust.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 cust.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Barney Cowin	
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Phone number:	07858 363966	
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:

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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 checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM1	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM2	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM3	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		<p>All the solutions improve on the baseline position and better facilitate objectives (i), (ii) and (iv), however we are of the view that the three alternatives are also material improvements on the Original Solution, of which the improvements are only marginal. I have outlined below further detail.</p>	

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		<p><i>i. The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;</i></p> <p>The WACMs introduce greater efficiency as they seek to streamline and refocus the securities process to ensure firstly that generators are appropriately charged, thereby reducing any further need for review/challenge and introduce greater industry certainty, and that the security process is more closely aligned to strategic planning. In particular WACM1 and WACM3 create a streamlined, coherent approach to strategic work designation that aligns with NESO's statutory CSNP obligations while maintaining CMP447 benefits, whilst WACM2 introduces greater certainty in the short term.</p> <p><i>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;</i></p> <p>This objective is better facilitated by the proposals by cancellation charges being more reasonably and proportionately applied to generators, avoiding some generators facing disproportionately high charges for strategic works that were not initiated by them. This allows for more effective competition. The proposals reduce barriers to entry by providing a clearer, more predictable exclusion framework for strategic works, with enhanced transparency through CSNP consultation processes.</p>
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		<p>iii. <i>Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **;</i></p> <p>We are of the view that the proposals are neutral for this objective.</p> <p>iv. <i>Promoting efficiency in the implementation and administration of the CUSC arrangements.</i></p> <p>For the same reasons as objective (i), we believe that the proposals promote greater efficiency in the implementation and administration of CUSC arrangements. They eliminate administrative duplication and reduce complexity while maintaining robust governance through established CSNP approval mechanisms.</p>
2	Do you have a preferred proposed solution?	<p><input type="checkbox"/>Original</p> <p><input type="checkbox"/>WACM1</p> <p><input type="checkbox"/>WACM2</p> <p><input checked="" type="checkbox"/>WACM3</p> <p><input type="checkbox"/>Baseline</p> <p><input type="checkbox"/>No preference</p> <p>All alternative introduces significant benefits to the Baseline. WACM3 adopts the benefits of both WACM1 and WACM2. In particular from WACM1:</p> <ul style="list-style-type: none"> • Strategic coherence: Full alignment with government policy framework

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		<ul style="list-style-type: none"> • Regulatory efficiency: Eliminates duplicated designation processes (i.e. CSNP v Ofgem designation) • Reduces uncertainty: Reduces uncertainties of separate classifications of strategic works (i.e. being designated or not) – enhances investment certainty as a result • Implementation certainty: Predictable and consistent framework through CSNP methodology • Long-term sustainability: Integrated approach supports ongoing strategic planning evolution • Reduces regulatory burden: The streamlined approach would eliminate duplicated and time-consuming processes whilst ensuring there is appropriate oversight to the regulatory outcomes <p>Additionally WACM3 introduces the greater certainties introduced by WACM2 as regards timelines in the short term, and also applies a sustainable enduring process when aligned with the CSNP.</p>
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We support the implementation approach to align with the Gate 2 connections reform

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		process. It is critical that the Gate 2 offers obtain the benefit of the outcomes of this modification.
4	Do you have any other comments?	No other comments
5	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 Click or tap here to enter text.