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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:	Alan Kelly	
Company name:	Offshore Wind farm Limited (OWPL)	
Email address:	Alan.kelly@westoforkney.com	
Phone number:	07720 160328	
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 checked="" type="checkbox"/> iv <input type="checkbox"/> None
		This Proposal would address the defect that some Users are providing unnecessary securities thereby creating a barrier to entry. Removing this barrier improves competition (ii) and increases the efficiency of CUSC arrangements (iv).	
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		The approach is appropriate in that it offers the potential for projects other than “transmission reinforcement projects” can be designated as “Excepted” projects by the Authority and removed from the attributable works of generators.	
3	Do you have any other comments?	The solution would be improved if it clearly defined the basis by which these projects are to be designated as “excepted”.	
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	
		<p>There is a question around whether the solution should be applied to Wider Works elements of a User’s liabilities in addition to the Attributable Works element.</p> <p>In the CMP428 Decision of 14 June 2024 Ofgem state:</p> <p><i>“We encourage NGESO to bring forward a modification that addresses the Wider Cancellation Charge and treatment of Wider Works, to reflect how the introduction of the ‘Excepted Works’ definition as part</i></p>	

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		<p><i>of CMP428 and the associated costs would be reflected, if at all, in wider charges."</i></p> <p>This has been discussed on this working group but advised that including the Wider Works element is out of scope and a new modification should be raised. We would request that this issue is addressed again in the working group to identify if an Alternative Request could be raised as part of this working group instead.</p>
5	Does the draft legal text satisfy the intent of the modification?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>The solution would be improved if it specified the type of projects that will be designated as "Excepted" by Ofgem. We would suggest projects included in the Centralized Strategic Network Plan (CSNP) as appropriate to be designated as "Excepted"</p>
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?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

Specific Workgroup Consultation questions

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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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No By reference to works included in the Centralized Strategic Network Plan (CSNP)
8	Can you suggest an alternative approach to adjustment of the 'fix' of the Attributable Works to that in the Original Proposal?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Click or tap here to enter text.
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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The defect is caused not only by Attributable Works Liabilities but also to Wider Works Liabilities and therefore the solution should be applied to both elements.

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	altered so as to remove them from the wider works cancellation charge?	
10	Following on from Question 9, does this require a different modification if so?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The same solution would be applied so this modification should be amended to include the Wider Works Liabilities.
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 It would be more efficient and more supporting to competition if the revised offers being issued as part of the Gate 2 process were able to incorporate the revised liabilities forecasts.