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Workgroup Consultation Response Proforma

CMP417: Extending principles of CUSC Section 15 to all Users

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 **06 February 2026**. 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.

Respondent details	Please enter your details	
Respondent name:	Joe Colebrook	
Company name:	Innova Renewables	
Email address:	joe@innova.co.uk	
Phone number:	020 3523 9560	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input checked="" type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input 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

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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 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;

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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 Workgroup Consultation questions			
1	Do you believe that the Original Proposal and/or any potential alternatives better facilitate the Applicable Objectives versus the current baseline?	Mark the Objectives which you believe original Solution better facilitates 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
		<p>Positive against Objective i) as it does not change the obligations of licensees or how they discharge the obligations. Final Sums requires NESO to secure costs of wider enabling works, those that would be considered non-attributable under the User Commitment Methodology, as well as attributable works. This means it is likely Transmission Owners (TOs) are holding securities for work which are in excess of the money they have spent and therefore may lose if all customers terminate. This change should mean it is less likely that TOs will over-secure for specific works, which would be more in line with their obligations as licence holders.</p> <p>Positive against Objective ii) Final Sums methodology is acting as a barrier to entry for some Users due to the significant securities incurred. CMP417 creates a more equitable treatment of connections, even though the value of the secured cancellation charge will still be location-specific under the User Commitment Methodology. Final Sums creates undue market</p>	

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		<p>distortions by slowing or stopping the development of demand connections, slowing economic growth. Reducing the barrier to entry for demand connections will increase competition in the supply and generation of electricity.</p> <p>Neutral against Objective iii) as CMP417 does not impact the compliance with the Electricity Regulation.</p> <p>Positive against Objective iv) Having only one methodology to calculate securities removes confusion and simplifies the administration of the CUSC arrangements.</p> <p>Although CMP417 is a non-charging modification, and does not have to consider the cost-reflectivity, it will ensure the secured cancellation charges are more reflective of the sunk costs lost when a User terminates a connection. Many works secured via final sums are shared assets that will benefit multiple customers. No longer the case that demand users only trigger works that are needed for that connection.</p>
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Innova believe NESO should be required to update the security (MM) statements for projects as soon as reasonably practical, and at least within 6 months of the implementation date. Users should be able to secure the revised amount during the current Security Period, e.g. if CMP417 is implemented on 30th October 2026, then Users</p>

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		<p>can secure a revised amount before 1st April 2027, and NESO may need to refund existing secured amounts.</p> <p>The last Gate 2 offers are due to be issued by 31st December 2026 as per the <u>Existing Agreement Timeline</u> for Gate 2 offers. However, we know NESO are revising the timeline, and therefore, this date is likely to go back. Innova think it is of high importance that CMP417 is implemented by 31st September 2026, so it is in effect before the Oct 2026 – Mar 2027 securities period starts. Otherwise, demand connections will need to secure significant sums of money, which may be financially ruinous, only for them to be refunded within six months, if Ofgem approve CMP417 after 31st September 2026. This is inefficient and damaging to investment, as many projects may find it difficult to raise the money required for Final Sums. Final Sums can be £10m's.</p> <p>If Ofgem are unable to approve CMP417 before 31st September 2026, Innova would like NESO to extend the securities freeze for another six months, to April 2027, for demand connections (https://www.neso.energy/document/375916/download).</p>
3	Do you have any other comments?	<p>DNO works that have been triggered by general load growth, and cannot be attributed to a specific embedded demand connection, should not be included under the User Commitment Methodology or the Final Sums methodology. DNOs should not have to pay securities for forecast demand growth. It is possible their Demand Capability could be reduced due to various</p>

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		<p>environmental, social, and policy changes. It would be unfair for a DNO User to pay a cancellation charge because long-term load growth forecasts change. This is an inefficient process, as the cost of terminating works is either passed to customers via DUOS or via the Transmission Demand Residual (TDR), both of which impact embedded consumers. ED3 and T3 business plans provide sufficient regulation to avoid unnecessary network investment at the transmission and distribution interface.</p> <p>The Workgroup have not provided any evidence to show the impact on the Zonal Unit Amount (Tariff) and therefore the change in Wider Cancellation Charges. It would be helpful for the Workgroup to show how including Demand Capability in the Zonal Unit Amount (Tariff) would change the Wider Cancellation Charges for all Users.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/> No</p> <p>N/A.</p>

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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>Clause 15.3.8 Wider Cancellation Charge in section 15 would be easier to follow if it included an equation. The Workgroup should consider adding an equation to explain how the Zonal Unit Amount is calculated.</p> <p>Typo in clause 15.4.1 (a), it should be ETYS instead of ETS.</p> <p>The changes to Schedule 2 Exhibit 3 imply that Connect and Manage arrangements would apply to all Users except Interconnectors. This does not satisfy the intent of the modification, and additional wording should be added to clarify which Users Connect and Manage applies to.</p> <p>Clause 6.30.4.4 suggests the cancellation charge only applies to Users who reduce their Demand Capability before the CMP417 implementation date. I think this is a typo and should say 'after' instead of 'before'.</p> <p>Exhibit MM3 refers to DC, which is confusing as it could refer to Developer Capacity or Demand Capability. The acronym should be defined in the MM3 statement, or the complete words should be used.</p>
6	Do you agree with the Workgroup's	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	We agree with the workgroup's justification.
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Specific Workgroup Consultation questions

7	Do you support the inclusion of wider cancellation liability for Demand projects? (please provide details in your response)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>Wider liability is shared equally between demand and generation. It would be unfair/discriminatory to exclude transmission-connected demand from the wider charge but expect the domestic consumer (via TNUOS) to bear the liability if contracted connections are terminated.</p>

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8	Do any parts of the solution require additional clarification?	No.
9	Is it clear how the Demand Capacity figure should be calculated and provided to NESO?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <hr/> <p>It is not clear what happens if NESO and the User cannot agree on a value for Demand Capability. Would the User have to go through a CUSC dispute, or would it default to the value requested by the User in the modification application? Will Distribution System Users always provide a value in any modification application?</p> <p>Hybrid (demand and generation) connection offers do not have a bespoke connection offer template, and instead the NESO typically use the Generation User template with a few amendments. This means that the Connection Offer for a Hybrid Connection does not have a Demand Capability Value. Hybrid Offers, which include Energy Storage will have a Demand value in the BCA Appendix C,</p>

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		<p>which relates to the maximum import of the energy storage. It is important that Users and NESO do not inadvertently use the demand value in the Appendix C as the Maximum Demand value.</p> <p>To mitigate this issue, it would be useful for CMP417 to create a bespoke connection offer template for Hybrid projects, which includes the maximum import of an energy storage technology and the demand capability of any Final Demand. It may be that the User wishes to share the Demand Capability between the energy storage and the Final Demand, which should be indicated in the connection offer.</p> <p>Alternatively, the Workgroup should make it clear that the demand value in the BCA Appendix C cannot be used as the Demand Capability value, and instead, the Demand Capability should be taken from the Users Modification Application.</p>
10	Do you believe any projects could be adversely impacted by this proposal?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <hr/> <p>See the answer to question 3 regarding Distribution System Users.</p>
11	Do you agree with the proposal to have one security statement for hybrid sites (combined	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <hr/> <p>Yes. We think it is appropriate to use the higher of the TEC or Demand Capacity, as this will drive the</p>

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	generation and demand), and do you see this posing any potential issues?	<p>attributable and non-attributable works. Using one security statement should avoid requiring Hybrid connections to secure the same work twice.</p> <p>The Workgroup needs to ensure that terminating the demand or generation element of a connection does not cause the User to pay Cancellation Charges if the works are still required to connect the remaining demand or generation, which is still being progressed.</p>
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