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Workgroup Consultation Response Proforma

CMP414: CMP330/CMP374 Consequential Modification

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 **18 May 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 cust.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Kirsty Dawson	
Company name:	Statkraft UK Ltd	
Email address:	Kirsty.Dawson@statkraft.com	
Phone number:	07442 604102	
Which best describes your organisation?	☐ Consumer body ☐ Demand ☐ Distribution Network Operator ☒ Generator ☐ Industry body ☐ Interconnector	☐ Storage ☐ Supplier ☐ System Operator ☐ Transmission Owner ☐ Virtual Lead Party ☐ 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*)

☐ **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*)

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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 questions 5) 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;*

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- 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 better facilitates the Applicable Objectives versus the current baseline?	Mark the Objectives which you believe the original solution better facilitates than the current baseline:	
		Original	☒ i ☒ ii ☒ iii ☒ iv ☐ None
		Click or tap here to enter text.	

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2	Do you support the proposed implementation approach?	☒ Yes ☐ No Click or tap here to enter text.
3	Do you have any other comments?	On page 7 it states, “With users expecting their individual projects to be prioritised over the TOs more holistic, long-term network design philosophy.” We would like to highly dispute this claim from SSEN Transmission. Users are not expecting their projects to be prioritised over larger network reinforcements, but we would like the same care, attention and resource as they are giving these ASTI reinforcements. All SSEN Transmission comms are centred around delivering ASTI, not how they will deliver customer connections. We raise this point as feel it is important to stress here that delivering ASTI with no focus on customer connections, will lead to stranded assets and not achieving UK NetZero goals.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	☐ Yes (the request form can be found in the Workgroup Consultation Section) ☒ No Click or tap here to enter text.
5	Does the draft legal text satisfy the intent of the modification?	☒ Yes ☐ No

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		Click or tap here to enter text.
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?	☒ Yes ☐ No Click or tap here to enter text.

Specific Workgroup Consultation questions

7	Do you believe that the Workgroup met the questions and concerns raised by Ofgem in the send back letter of August 2024. If not, please would you provide further information or evidence on any of the points set out in the send back letter appearing in Annex 03 of this report	No. There has been a missed opportunity here for NGET to have provided quantitative and qualitative analysis on contestable builds in their area of the network, which is much more commonplace. Though we recognise that contestable build in Scotland does not happen and will be different due to 132kV being distribution in England & Wales, and transmission in Scotland, this cannot be a blocker for it not being able to happen in the future. We are aware of a couple of projects either progressing in delivery with User contestable build or being proposed to be built contestably in SSEN Transmission's area, and with consent of the relevant developers, these insights
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		should be shared with the Working Group to provide richer detail and data.
8	To what extent does CMP414, consequential to CMP330/374, help achieve the objectives outlined in Ofgem's demand connections reform call for input, as well as providing benefits to generation and storage? What gaps do you believe there are and what would you recommend to address them? Please provide evidence for any comments	Ofgem's recent letters on demand have stated: <i>"We also note interest in enabling greater ownership and operation of high voltage assets. Any change to this will require careful assessments of consumer impacts, system risks, and regulatory implications. We are working to explore options and solutions for this."</i> We would want to be supportive of allowing ownership of transmission level assets, particularly to facilitate grid sharing – which gets the most out of limited grid connection opportunities, especially when they are at voltages that would be considered distribution in England (i.e. own 132kV assets in Scotland). Though CMP414 is mentioned in Ofgem's letters, CMP414 alone would not 'fix' this – more pressure is needed on TOs to provide detailed contestability processes. They need to be more open to this as currently it's a bit of a computer says no, i.e. they haven't done it before, so don't advise it. If TOs are not supportive of this CUSC mod, they need to widen their procurement frameworks as a big reason developers are driving this forward is due to the increase in costs being seen in grid agreements. Developers are asking about contestability as one of the very few options on the table to try and decrease the blow in comms from TOs on costs. Within the feedback of Ofgem's End to End review consultation, it is noted that projects costs can increase between 50-200% from the original quote. We have live examples where this percentage increase is 300%, i.e.

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	two projects currently in construction where costs have tripled. We have had TOs quote to us that initial costs/estimates are classified with a range of -50% to +100%. In theory, if this range is implemented accurately, developers should be able to forecast a worst-case scenario cost (i.e. take initial offer costs +100%), but the reality is that we are receiving cost increases far outside this range. If TOs are using this range, we would welcome a GSoP capturing this range formally. If costs then increase outside of this, it should be for the TOs to pick up this cost. The issue is exacerbated by the lack of a detailed cost breakdown in connection offers making scrutiny and challenge more difficult to affirm. We are of the opinion that if this specific issue is addressed, the requests for contestable build will decrease.
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