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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:	Holly Thomas	
Company name:	Scottish Renewables	
Email address:	hthomas@scottishrenewables.com	
Phone number:	07863248902	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input checked="" 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*)

☐ **Confidential** (*this will be disclosed to the Authority in full but, unless specified, will not be*

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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;*
- 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;*

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- 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 Code Administrator Consultation questions			
1	Please provide your assessment for the proposed solutions against the Applicable Objectives	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 checked="" type="checkbox"/> iv <input type="checkbox"/> None

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	against the current baseline?	WACM1	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM2	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM3	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		We find all solutions demonstrably better facilitate the Objectives of effective competition and efficiency in the implementation of CUSC arrangements. The principle of removing unnecessary, duplicative securitisation (iv) instinctively unlocks greater competition (ii) by enabling Generators of varying size and financial flexibility into the market, as well as better safeguarding of all existing projects and their ability to progress investment to meet imminent climate targets.	
2	Do you have a preferred proposed solution?	<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	
		Our preferred proposed solution is that of WACM3 as it maintains the core benefit of the modification of removing financial barriers to entry while, crucially, resolving the persisting issue found through workgroup of uncertainty around the scope of impacted works. Early visibility of which projects will ultimately be impacted by the modification arguably serves as great a purpose as the removal of	

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		<p>securities itself as it is the key to enabling Generators to make informed investment decisions about accepting forthcoming Gate 2 offers.</p> <p>The clear exclusion framework based on known, strategic investments* provides the advanced risk mitigation that Generators need to maintain investment momentum and timely project delivery. Likewise, it further enhances the Original solution's improvement of efficiency of implementation of the CUSC by avoiding multiple stages of designation, which would incur a) avoidable processing delay, as well as b) prolonged uncertainty for Generators, as cited above.</p> <p>*Key strategic investments as outlined in WACM3 as those 'identified through NESO's Pathway to 2030 publication and Beyond 2030 Publications and those reinforcements determined through the CSNP methodology'. We would also welcome early certainty for ASTI/LOTI/island links, if any fall outside of the above designations.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We support the implementation approach to align as closely with the issuing of Gate 2 offers as possible for the benefits of transparency and efficiency, as outlined above. If the modification is not in place before offers are issued, parties could be impacted that would need to submit a modification application to modify their securities, contingent on there being an additional application window before the end of</p>

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		<p>the year, to avoid the April 2026 trigger date and/or make critical decisions on accepting offers.</p> <p>Therefore, if there is a delay between Ofgem's decision and NESO/TOs' removal of securities in offers, Generators that typically have three months to accept Gate 2 offers need to be protected. There needs to be the ability to reissue securities within that period to update offers and clock-start the three months from the point of the update, and/or there should be no time limit to accept for projects that are in scope of the modification's impact if the modification is in train/has been approved by Ofgem. The utmost visibility of forthcoming impacts is vital for ensuring offers are protected and Generators can make the most informed investment decisions.</p> <p>Clear communication from NESO's connections and finance/banking teams on the expected timelines of designation and subsequent application of the benefit of the modification following Authority decision would be welcome to provide certainty in the lead-up to Gate 2 offers. However, our preference is for the material benefits of the modification to be realised at the end of the ten days following Ofgem's decision. Clarity around this as a possibility would be welcomed.</p>
4	Do you have any other comments?	<p>We are supportive of NESO's Connections Reform and code teams working closely together to realise the benefits of this modification, notably through efforts to align with Gate 2 offers.</p> <p>From discussions with senior NESO Connections Reform officials, it would be useful for the team to outline a list of relevant and ongoing CUSC</p>

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		<p>modifications that have the potential to impact or need to be considered alongside the issuing of Gate 2 offers, accompanied by regular status updates.</p> <p>At present, it is unclear from the outlined implementation whether there will be any change to the Wider Works Cancellation Charge as a result of the modification. The report notes on page 29 that “Adjusting the definition of Wider Works cancellation charge to remove Excepted Works was seen as logical and necessary”. This was supported by the majority of workgroup consultation responses; however, clarity around whether or not this will accompany the modification is required.</p>
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?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>