

CMP470: Introducing an Oversubscribed Technologies Commitment Fee

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Electricity Storage Network

The **Electricity Storage Network (ESN)** is the industry group and voice for grid-scale electricity storage in GB. The ESN has 100 members who have a mission to promote the use of energy storage and flexibility to support the net-zero transition. The ESN membership includes clean energy developers, owners, investors, optimisers, and academic institutions. This includes representation from publicly listed specialist funds focusing on storage and independent developers that have raised several billion pounds to invest in this new technology.

This response is based on input from our members involved in developing, owning and investing in grid-scale electricity storage in GB. It draws on the Regen Grid Connections working group session on CMP470 held with the proposer, ESN analysis of the 62 responses to the CMP470 Workgroup Consultation, member responses to this consultation, and bilateral conversations with members.

About Regen

Regen manages the ESN. Regen provides independent, evidence-led insight and advice supporting our mission to transform the UK's energy system for a net zero future. We focus on analysing the systemic challenges of decarbonising power, heat and transport. We know that a transformation of this scale will require engaging the whole of society in a just transition.

Regen is also a membership organisation, managing the Regen members' network and the Electricity Storage Network (ESN). We have over 200 members who share our mission, including clean energy developers, businesses, local authorities, community energy groups, academic institutions, and research organisations.

Continuing engagement

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Background

On 17 September 2026 Ofgem published a minded-to decision and consultation proposing to approve the CMP470 Original Proposal, raised by Field Energy. If confirmed, it will introduce an Oversubscribed Technologies Commitment Fee (OTCF): a £/MW floor on the cancellation charges and securities of any technology whose queue capacity exceeds its government target by more than 50%. Battery storage is currently the only technology that meets this test, with around 8 GW energised and 82 GW holding Gate 2 status, compared with a Clean Power 2030 (CP30) target of 23 to 27 GW by 2030 and an additional NESO Future Energy Scenario-derived range of 24 to 29 GW by 2035.

Ofgem argues the issue is not whether BESS attrition will happen, but whether it happens early enough to inform network planning during Gate 2 to Whole Queue (G2tWQ). It prefers the Original Proposal over all six Workgroup Alternatives (WACMs).

Responses to consultation questions

Question 1: Do you agree with our minded-to position that intervention is justified?

The Electricity Storage Network (ESN) welcomes the opportunity to respond to Ofgem's minded-to consultation and Initial Impact Assessment (IIA) on CMP470. Our members recognise that battery storage (BESS) is materially oversubscribed in the connection queue, with around 8 GW energised and 82 GW holding Gate 2 status against a Clean Power 2030 target of 23 to 27 GW by 2030.

As a sector there is agreement that battery oversubscription is a barrier at present and members also accept that bringing viability decisions forward could improve network planning and free up connection capacity for projects that are ready to build.

On balance, our ESN members offer qualified support for a proportionate intervention given the level of battery oversubscription. However, there is a lack of consensus within the membership regarding the correct approach for doing so, and we therefore cannot provide support for the WACMs, or the Original Proposal put forward in the minded-to consultation.

We would like to take this opportunity to highlight a set of challenges that have grown over recent months that will impact attrition rates and battery storage oversubscription, from the connection reform process:

- **High connection offer costs** – The industry now has a better view of the protected Phase 1 Gate 2 offers and significant increases in costs have surfaced. The industry was expecting some increases in costs due to inflation but the level (e.g. up to six-fold connection cost increase), and the lack of transparency behind these increases, has been a surprise. Our members have been asking for more transparency on how the costs have been assessed and are not getting timely or satisfactory details back from network operators.
- **Connection offer errors** – Alongside significant increases in cost, a proportion of connection offers have had errors. These range from minor to serious errors, delaying customers' ability to sign offers as changes have to be made and updates can take weeks to come through. We appreciate the flexibility that network operators have provided on the timeframes for signing connection offers. However, this has further undermined the confidence in the process and the connection offers provided.
- **Delays to connection dates** – In addition to increases in costs and errors, the sector has also seen a significant extension of expected connection dates. This impacts the ability of projects to deliver their existing contracts (e.g. Capacity Market contracts) and could result in penalties.
- **Updates to costs and connection dates after signing Gate 2 offers** – A further trend our members have highlighted in recent weeks is that projects which have signed a Gate 2 offer are now being provided with an updated connection date (e.g. 18 months or up to 6 years later) and significant increases in costs (e.g. a two-fold increase). Project developers are aware this can be a risk, but the proximity to receiving their Gate 2 offers has severely impacted confidence in the accuracy of the original offer and the updated costs that are provided by the network operator. There has also been a lack of transparency when customers have asked for a more detailed breakdown of the costs. Many of these projects are in construction or imminently to start construction, so the ability of our members to manage these risks is very limited.
- **Delay to the next CMP434 window** – We understand that NESO is planning to announce a delay to the next CMP434 window into 2027. This could have knock on impacts to the timeframe for CMP470 activation, as it is currently drafted to activate after the first CMP434 gated window has concluded. This also currently limits the ability of projects to modify their applications.

The combined impact of these changes is that projects are likely to be delayed and significantly more expensive, leading to a higher level of attrition than previously expected. Overall, these updates should be generally concerning for Ofgem, NESO and DESNZ, but they also have impacts on CMP470 implementation and Clean Power 2030 target delivery. Investor confidence in the connection reform process, which was already low, is being further undermined from the higher costs, errors and connection date delays in connection offers, that are on occasion being updated by network operators after Gate 2 offers have been signed. Further delays to the CMP434 window will also impact the activation of CMP470. This is not providing a clear and

investable connection delivery pipeline as originally envisaged. The sector needs to have confidence in the connection offers and the ability of the network operators to deliver connection dates for projects to be investable and built.

Our members appreciate the engagement with industry via the Connection Investor Developers Engagement Forum (CIDEF). The industry would like to work with other stakeholders to help increase the quality and transparency of offers, and restore and increase investor confidence in the process. We are also aware that the end-to-end review will provide some further reforms to help increase cost transparency and delays to connection dates.

Recommendation: Ofgem must maintain pressure on network operators to ensure that connection offer quality is as high as practically possible and that confidence in the connection reform process is improved.

Recommendation: Ofgem must ensure cost transparency from network operators on the connection offers issued to customers.

We are increasingly concerned that CMP470 and several other significant market reforms are being developed in isolation, despite their combined impact on storage projects and investor confidence. Taken together, reforms to national pricing, locational procurement of response and reserve services, network charging, BSC P462, repetitive re-trading solutions, window 1 LDES minded-to results, could fundamentally reshape the commercial and operational environment for storage projects in GB.

Without a coordinated approach, there is a real risk that individual reforms create conflicting investment signals, increase complexity and lead to unintended consequences that undermine confidence at a time when rapid deployment of storage is essential to meet Clean Power 2030 targets. [Recent research by LCP Delta](#) suggests GB is not on track to meet its deployment targets for battery storage by 3 GW.

ESN therefore believes there is an urgent need for a holistic review of the policy and market framework for storage projects. This should assess how these reforms interact, establish a clear direction for implementation and provide investors with greater certainty over the future market landscape.

Recommendation: DESNZ, Ofgem and NESO should undertake a holistic review of the policy and market framework for storage, assessing how reforms to national pricing, locational procurement of response and reserve services, network charging, BSC P462, repetitive re-trading solutions, window 1 LDES minded-to results interact, to establish a clear direction for implementation.

Question 2: Do you agree that the Original Proposal is the most appropriate option?

As outlined under Question 1, ESN members hold a range of views, and some members support the Original Proposal. However, there is a lack of consensus on the Original Proposal or the

WACMs. There is qualified support for a proportionate intervention given the level of battery oversubscription.

Question 3: Comments on the IIA's rationale, benefits, risks and implementation

Our members have highlighted the following concerns with the IIA:

- **The £460 million figure is a ceiling, not an expected cost.** The IIA derives it from a simple average Zonal Unit Amount, doubled to remove consumer risk sharing, and applies it to all capacity not yet fully liable for the Wider Cancellation Charge (IIA para 2.29). It assumes none of the released capacity is reused, although the IIA itself notes spare capacity may be taken up by other projects (para 2.27). The IIA calls this a “potential” externality; the consultation describes it as costs “of at least £460 million” (para 5.22).
- **Contribution to wider reinforcement is disputed.** Members report that NESO's construction planning assumptions treat battery storage as neither importing nor exporting across transmission boundaries. If so, battery storage project exits would have little effect on the wider reinforcement that the Zonal Unit Amount reflects, while local works are already secured through the attributable element of the Cancellation Charge. Ofgem should confirm this with NESO before relying on either the £460 million or £5,800/MW figures.
- **Cost of finance.** Projects connecting in the 2030s could post securities for five years or more. For those projects that are currently below the £3k/MW securities floor, this could mean an average of £500,000 increase in cost per project. The IIA prices this at a 4.08% real BBB utility bond rate, understating the cost of developer equity which can be much higher at this stage (e.g. 10-12%) due to recent macro-economic pressures.
- **The counterfactual understates some aspects of project attrition already under way.** The IIA assumes oversubscription persists in the baseline (para 3.11), while also expecting many projects to exit as existing charges rise (para 2.15). It omits the unfreezing of securities, the potential conversion of up to 9 GW of BESS to data centre demand, the issue of Technical Limits and other non-firm offers, and queue management milestones. A correctly specified baseline would reduce the incremental benefit of any OTCF.

Recommendation: Ofgem should present the £460 million estimate as an upper bound, confirm with NESO how storage is represented in wider network planning, use more realistic cost of finance assumptions and re-specify the baseline to include attrition mechanisms already in train.

Question 4: Further comments on the minded-to position or the IIA

Whichever option is approved, ESN members ask Ofgem to address the following implementation points, most of which reflect areas of broad industry agreement.

Activation and timing. Retain the deferred activation until Gate 2 to Whole Queue and the first CMP434 window are complete, allowing time for Technical Limits and other non-firm offers to be issued and assessed.

Transparent governance. NESO should publish the data and reasoning behind each six-monthly decision, and Ofgem its response, and there should be a formal review using actual exit data after the first two assessments and before any further escalation.

Use of revenue. We support returning the OTCF element of cancellation charges to consumers through TNUoS, which attracted strong consensus.

Wider policy context. The OTCF applies to projects that accepted offers under the protections framework Ofgem approved in April 2025 and lands alongside network charging reform, BSC P462, repetitive re-trading changes and demand connections reform. Complementary measures such as bay sharing should be encouraged by network operators as this could provide near term benefits, particularly in England and Wales (NGET).

Recommendation: NESO and Ofgem should publish the basis for each activation and escalation decision, commit to a review after two cycles, and assess CMP470 as part of a holistic review of the storage policy and market framework alongside targeted measures such as bay sharing.