

**From:** [REDACTED]  
**Sent:** 03 November 2025 15:01  
**To:** Connections  
**Cc:** [REDACTED]  
**Subject:** Consultation - Connection and Use of System Code (CUSC) CMP448: Introducing a Progression Commitment Fee to the Gate 2 Connections Queue

Good morning,

Please see my response to the PCF CMP448 consultation. Eclipse Power is a group of businesses including a licensed-IDNO, a grid consultancy and a private networks business. As a licensed IDNO with connections directly to the transmission system, we will be required to gather and report on data for the PCF and are engaging with NESO on their implementation workstreams.

- 1) I understand the thinking behind the PCF as an additional incentive to encourage a healthy connections queue, however I remain concerned at the level of security proposed which would be cost prohibitive to many smaller developers. I do not believe implementation is required right away, rather better to wait and see the impact and behaviour of the Gate 2 queue for 6 months post last offer being issued. I believe that DNOs and NESO already possess enough tools in terms of milestone management and Generation User Commitment to manage their queues appropriately – which if used properly should not require a PCF. If the PCF is activated, it should be reviewed every 5 years (as the metric would be if not activated), rather than lasting in perpetuity.

PCF impacts will be felt acutely by originators who play a vital role in bringing projects to market quicker and more cheaply than some of the larger companies – a role that NESO does not appear to appreciate fully. A security of this level is a sledgehammer to crack a nut, which could reduce competition and concentrate project development in the hands of larger developers/utilities. This could result in additional costs of capital for development, which could translate into higher project values and perhaps higher power prices. It also produces an additional financial risk on DNOs and transmission-connected IDNOs, the latter whose impact will be felt more dearly as invariably they cannot secure via their company credit rating. This could thus reduce competition in the distribution space. I would prefer this to exist as a direct liability to the generator (the “Developer” rather than the “User”).

There is also an element of unfairness to the triggering of the PCF, in that all projects will be subject to additional costs (in perpetuity) as a result of the actions of other unrelated projects over a 5 year period.

While the initial reduction in the security proposed from the very original NESO proposal is welcome, I believe that WACMs 1 and 2 provide a better balance of incentivisation and also fairness to produce the right behaviour in the queue. Disapplying the PCF and contribution to the activation metric from customers who self-terminate ahead of the M1 milestone is the right thing to do and encourages the behaviour that CMP448 is seeking to produce. Keeping the liability on these customers provides no additional incentive to exit the queue before they are told to by the networks.

While I agree that we need to re-balance risk away from just the “grid” element of a connection, the PCF is a blunt way to do this if activated. If approved, I would support a phased approach to implementation to give industry time to adjust. Presently confidence in Connections Reform and NESO in general is low. The implementation of additional security and costs at the expense of developers may be met with a level of incredulity until it is felt that the networks have also met their side of the bargain. Speedy publication of the End to End Connections Review proposals would go well to complement the PCF in this regard. The notice periods for the PCF appear adequate to allow planning once it is proposed to be activated.

Additionally, there is an acceptance in industry that securities are already too high. The way that Generation User Commitment is calculated often causes issues when a project with a long connection date is dependent on some works happening now and has to secure this at 100% which can run into the millions. This can provide a disincentive to queue entry and thus reduces the longer term pipeline. Additionally it is accepted that Final Sums are cost prohibitive for many demand connections so CMP417 has been raised to reduce this particular security burden, but we are now proposing to raise it for generators. There is also an ongoing concern that securities are either incorrect or not cost reflective. It is not clear in the PCF how the figure has been calculated nor what will happen to the money should it be retained by NESO. We need to have clear information on how and where this money will be invested to the benefit of those remaining in the queue who have “done the right thing”.

Finally we are focussing on generation connections here, but we are fast seeing the same queue issues develop in the demand space. I would like to see the same security regimes applied across both demand and generation for directly-connected Users; and applied to embedded demand that trigger transmission works or we have a level of unfairness in the system.

- 2) The impact of the PCF will be minimal in the near term. The reporting cycles for DNOs and NESO do not align with Gate 2 offers being issued so it would make sense to not implement the PCF until the last CMP435 Gate 2 offer has been issued to reduce the administrative burden. I would suggest that the number of projects terminated for M1 would be zero in the first reporting cycle and maybe even the second. As the queue develops over time the impact of M1 terminations will become more apparent. NESO should be encouraged to use the same systems for administering this information as they do for managing connections contracts. DNOs already have an obligation to notify NESO of reductions/cancellations under the CUSC so this should be done via the same contract management system. Utilisation of the agreed CMP435 data for this first cycle is beneficial, given that for the first time we now have an industry agreed and audited full transmission and distribution queue – which is a huge milestone.

The use of terminations against M1 is open to gaming. Developers may decide that they are not using inability to meet M1 as a termination reason, so the data may not be accurately captured. I assume DNOs and NESO will use their relationships and discretion on this. As mentioned, WACM2 holds benefit as it allows customers who “do the right thing” to avoid being counted in the metric or facing a penalty.

M1 is also not fit for purpose in most cases. Despite repeated industry feedback, the ENA has insisted on keeping M1 at 2 months from signing a Gate 2 offer. This is unachievable in almost all circumstances for any sizeable generation project. In practice, the milestone is often not met and is given grace via bi-lateral conversations with the customers and DNOs. I expect that this level of discretion will have to continue. There is grace in the new guidance relating to pre-planning requirements, which is positive, but this demonstrates that M1 is often not known at the issuing of contract and is often changed via variation, which makes data capture more difficult. Technology/capacity specific M1 dates would be an improvement.

I understand that PCF is not liable if M1 is less than 6 months away, as the ENA standard is set at 2 months from acceptance, this will capture the majority of the near term gate 2 queue. For projects more than 5 years away, M1 is around 48 months from connection. This is often far in the future (correctly so) but also allows projects to sit in the queue unchecked for a long period of time, meaning

that the impact of the PCF will be felt most acutely by near/medium term projects who are most important for Clean Power 2030. This again presents an unfairness and potentially a risk to Clean Power 2030 if otherwise viable projects are terminated due to the PCF impact. Most near term projects should already have planning permission and if they do not (of which there is a small minority), they should have been milestone managed out of the queue anyway.

Reasons for termination must also be captured and reviewed to assess against market/technology trends to see if there is any particular defect affecting a certain group of customers that should be assessed.

The project replacement metric is unworkable for most DNOs given they do not possess the full queue information. Clear guidance is needed on this.

Many thanks,

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*Advance notice of leave : 5th Nov (PM), 6th Nov, 21st Nov, 10th-17th Dec*

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