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## Code Administrator 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](mailto:cusc.team@neso.energy) by **5pm** on **20 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 [cusc.team@neso.energy](mailto:cusc.team@neso.energy).

Respondent details	Please enter your details	
<b>Respondent name:</b>	Martin Hardwick	
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<b>Phone number:</b>	07928 509475	
<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input checked="" 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

#### I wish my response to be:

(Please mark the relevant box)	<input checked="" type="checkbox"/> <b>Non-Confidential</b> ( <i>this will be shared with industry and the Panel for further consideration</i> )
	<input type="checkbox"/> <b>Confidential</b> ( <i>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</i> )

#### 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;

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- 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;*
- 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

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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.

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**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 solution against the Applicable Objectives against the current baseline.	Mark the Objectives which you believe the proposed solution better facilitates than the current baseline:		
		<table border="1"> <tr> <td>Original</td> <td><input checked="" type="checkbox"/>i <input checked="" type="checkbox"/>ii <input checked="" type="checkbox"/>iii <input checked="" type="checkbox"/>iv</td> </tr> <tr> <td></td> <td><input type="checkbox"/>None</td> </tr> </table>	Original	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input checked="" type="checkbox"/> iii <input checked="" type="checkbox"/> iv
Original	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input checked="" type="checkbox"/> iii <input checked="" type="checkbox"/> iv			
	<input type="checkbox"/> None			
		<p>NPg believes that the proposed CMP417 solution better facilitates the Applicable Objectives than the current baseline. By removing reliance on Final Sums and extending the User Commitment Methodology consistently across all Users, the proposal delivers a more transparent, and administratively efficient framework for connection securities. In particular, it better supports effective implementation and administration of the CUSC, while remaining neutral against the Applicable Objectives. This approach enhances fairness by applying a consistent framework across all Users, thereby supporting a more competitive environment through increased transparency and equal treatment. Subject to appropriate transition arrangements, NPg considers the proposed solution to represent a clear improvement on the baseline and supports its progression.</p>		
2	Do you have a preferred proposed solution?	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Baseline <input type="checkbox"/> No preference		
		<p>NPg prefers the Original proposal over the Baseline proposal as the baseline reflects a historically workable approach which is increasingly misaligned with the modern electricity system, where large demand connections play a growing role in transmission development. As such, it was assessed by the Workgroup as not appropriately addressing the identified defect, particularly in relation to</p>		

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		<p>proportionality, fairness, and consistency of treatment between users.</p> <p>NPg considers the baseline solution to be inefficient because it requires Demand Users to underwrite the full cost of transmission reinforcement, including works that deliver wider system benefits or are shared with other users. This over-allocates cost and risk, distorts investment and connection decisions, and discourages otherwise efficient and system-beneficial projects. Retaining a separate Final Sums framework for demand also increases administrative complexity and perpetuates outdated and non-cost-reflective arrangements that are increasingly misaligned with modern, demand-led transmission development.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>NPg supports the proposed implementation approach, including the immediate application of the revised arrangements to new connection applications following the Authority’s decision, which provides early clarity and consistency for new Users without retrospective impact. We also support the managed transition for existing Demand Users, including migration from Final Sums to the User Commitment Methodology via updated Construction Agreements aligned to the January 2027 securities run, as we believe that this provides sufficient notice and time for affected parties to understand and plan for changes to their security positions.</p> <p>However, we would like to highlight several important considerations. Updating existing agreements at scale will require significant coordination across parties and therefore the establishment of clear, realistic timelines to ensure practicality of delivery. Further clarity is also</p>

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		required on how liabilities and securities will transition during the interim period, to avoid uncertainty or the risk of double exposure for Users.
4	Do you have any other comments?	While we recognise that implementation will require coordinated effort across NESO, Transmission Owners, and Users, these challenges are transitional in nature. Subject to robust transition planning and clear guidance, they are outweighed by the long-term benefits of moving to a single, consistent, and more proportionate framework for connection securities. Overall, we consider the proposed approach to be deliverable, robust, and aligned with good code governance practice, and we therefore support it.
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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>NPg agrees that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code.</p> <p>This is because the CMP417 is limited in scope to the reform of transmission connection liabilities and security arrangements, specifically through amendments to CUSC Section 15 and the removal of the Final Sums methodology for Demand Users. The modification does not introduce any changes to the System Operator's balancing activities, operational responsibilities, or market interactions that are governed under EBR Article 18. In particular, CMP417 does not affect:</p> <ul style="list-style-type: none"> <li>• The System Operator's ability to balance the system.</li> <li>• Balancing Mechanism participation or access arrangements.</li> </ul>

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		<ul style="list-style-type: none"> <li>• Balancing services procurement processes.</li> <li>• Imbalance settlement or associated methodologies; or</li> <li>• Rights and obligations relating to operational system management.</li> </ul> <p>The proposed changes are commercial and financial in nature, addressing the allocation and calculation of user connection securities and cancellation liabilities. These matters sit outside the scope of Article 18, which is concerned with ensuring transparent, non-discriminatory, and efficient system operation and balancing arrangements.</p> <p>We therefore consider the Workgroup’s conclusion to be appropriate and well-evidenced. We agree that CMP417 does not necessitate any assessment or approval under the EBR Article 18 framework.</p>
		<p>Click or tap here to enter text.</p>