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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 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.

Respondent details	Please enter your details	
Respondent name:	Joe Colebrook	
Company name:	Innova Renewables	
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Phone number:	020 3523 9560	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input checked="" type="checkbox"/> Demand <input 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

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I wish my response to be:

(Please mark the relevant box)	<input checked="" type="checkbox"/> Non-Confidential (<i>this <u>will be shared</u> with industry and the Panel for further consideration</i>)
	<input type="checkbox"/> Confidential (<i>this will be disclosed to the Authority in full but, unless specified, <u>will not be shared</u> 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;*
- 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;*

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- 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 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 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 type="checkbox"/> iii <input checked="" type="checkbox"/> iv		<input type="checkbox"/> None
		Original	<input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv			
	<input type="checkbox"/> None					
<p>Innova supports CMP417 and considers that it better facilitates the Applicable Objectives than the current baseline for the following reasons:</p> <p>Objective (i) – The efficient discharge by the Licensee of its obligations:</p> <p>Positive. Under the current Final Sums approach, NESO and Transmission Owners may secure costs for wider enabling works that are not fully attributable to a specific user, which can result in over-securing relative to the actual financial risk. Extending Section 15 principles to demand users aligns the treatment of generation and demand and ensures that securities are more closely linked to the efficient recovery of genuinely at-risk costs. This supports a more proportionate and efficient discharge of licence obligations.</p> <p>Objective (ii) – Facilitating effective competition:</p> <p>Positive. The current two-tier approach creates a distortion where demand users face materially higher and less predictable security requirements than generation users. This can act as a barrier to</p>						

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	<p>entry, particularly for demand-led or co-located projects, and may slow or prevent viable projects from progressing. CMP417 introduces a more consistent and predictable framework, reducing upfront capital requirements and improving the ability to finance the project. This should lower barriers to entry, reduce market distortions, and support increased competition in both demand and generation.</p> <p>Objective (iii) – Compliance with the Electricity Regulation and relevant legally binding decisions: Neutral. CMP417 relates to connection and cancellation charge arrangements under the User Commitment Methodology and does not amend operational balancing arrangements or the terms and conditions associated with the Electricity Balancing Regulation. As such, it does not materially impact compliance with this objective.</p> <p>Objective (iv) – Promoting efficiency in implementation and administration of the CUSC: Positive. Moving demand users onto the established Section 15 methodology simplifies the overall framework by removing the current dual approach (Final Sums vs UCM). This reduces complexity, improves transparency, and creates a more consistent and well-understood process for both users and NESO. Over time, this should reduce administrative burden, minimise disputes, and improve the efficiency of implementation.</p>
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		Overall, CMP417 represents a proportionate improvement to the current baseline by aligning treatment across user types, reducing distortions, and improving the efficiency and clarity of the security framework.
2	Do you have a preferred proposed solution?	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		We support the proposed solution (the “Original” solution) as it applies a consistent, established methodology to demand users, improving fairness and providing clearer, more financeable cancellation liability arrangements.
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		No. In particular, we consider it important that the revised approach takes effect ahead of the next security period (and avoids a scenario where projects are required to post materially higher securities for a short period and then unwind them shortly afterwards), as this can create avoidable working capital strain and increase financing costs. This would avoid the need for companies to make a payment for £m’s, only to then have it refunded 6 months later.

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		Innova would accept an implementation approach that allows non-embedded customers who have accepted a Gate 2 offer to postpone payment of any securities until the first CMP417 Security Period.
4	Do you have any other comments?	<p>We support CMP417 as a proportionate improvement that: (1) aligns cancellation liability more fairly across demand and generation; and (2) can reduce unnecessary security/working capital requirements for projects, supporting lower cost of capital and investment. We also encourage NESO to provide clear guidance, in addition to the legal text, to communicate how Demand Capacity will be agreed and evidenced (including where parties cannot agree a value), and to ensure the transitional arrangements are simple to administer for both NESO and users.</p> <p>Innova believe the legal drafting would benefit from greater clarity to confirm the interaction between the definition of Demand Capacity and Connection Site Demand Capability. Connection Site Demand Capability is a dynamic / judgment-based concept that can move with forecasts or individual judgement. This is not sufficient for a fixed contractual capacity value. The legal drafting would be stronger if it made clear whether the liability basis is:</p> <ul style="list-style-type: none"> • a fixed contractual MW value, or

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		<ul style="list-style-type: none"> • a forecast-based capability value, and at what date that value is locked in. <p>Section 15 clause 8 transition drafting says existing demand construction agreements move to the new Section 15 arrangements from the first security period at least 6 months after implementation, with amendment offers to follow. legally this may work, but operationally it could create:</p> <ul style="list-style-type: none"> • temporary misalignment between legacy agreements and new security treatment, • confusion over which provisions prevail, • challenges if users are financing against old documentation. <p>In Schedule 2 Exhibit 3 Part 2, the new demand-specific provisions appear to have been adapted from generation-style drafting. There are signs of template carryover, for example:</p> <ul style="list-style-type: none"> • some references look only partially adapted, • some clauses still read like export-side mechanics translated into import language, • this can create ambiguity even if the policy intent is clear. <p>In Section 15 clause 8.5 – typo, double use of ‘until’.</p>
5	Do you agree with the Workgroup’s assessment that the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	<p>modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?</p>	<p>Yes. CMP417 relates to connection/cancellation charge arrangements and the allocation and securing of liabilities under the User Commitment Methodology (CUSC Section 15). It does not amend the operational balancing service terms and conditions under EBR Article 18, and Innova therefore agree with the Workgroup's assessment that there is no impact on those arrangements.</p>
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