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Workgroup Consultation Response Proforma

CMP474: Fixed Balancing Services Use of System Price revision mechanism

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 **25 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:	Colin Paine	
Company name:	ENGIE	
Email address:	Colin.paine@engie.com	
Phone number:	07736 106 961	
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 type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input checked="" 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)

☒ **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 shared with the Panel or the industry for further consideration)

For reference the Applicable CUSC (charging) Objectives are:

- d) *That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;*
- e) *That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C11 requirements of a connect and manage connection);*
- f) *That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses and the ISOP business*;*
- g) *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and*
- h) *Promoting efficiency in the implementation and administration of the system charging methodology.*

* See Electricity System Operator Licence

**The Electricity Regulation referred to in objective g) 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.

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For reference, (for consultation questions 5 & 6) 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.

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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 Workgroup Consultation questions		
1	Do you believe that the Original Proposal better facilitate the Applicable Objectives versus the current baseline?	Mark the Objectives which you believe the original solution better facilitates the current baseline:
		<table border="1"> <tr> <td>Original</td> <td> <input checked="" type="checkbox"/>d <input checked="" type="checkbox"/>e <input checked="" type="checkbox"/>f <input type="checkbox"/>g <input checked="" type="checkbox"/>h <input type="checkbox"/>None </td> </tr> </table>
Original	<input checked="" type="checkbox"/> d <input checked="" type="checkbox"/> e <input checked="" type="checkbox"/> f <input type="checkbox"/> g <input checked="" type="checkbox"/> h <input type="checkbox"/> None	
<p>Please note that we are responding as a non-domestic supplier.</p> <p>Yes. The current baseline where NESO has only a reasonable endeavours obligation to inform the industry of mid-period BSUoS changes and can change the Fixed BSUoS Price with as little as 5 days' notice exposes Suppliers and non-domestic consumers to unacceptable levels of risk and cashflow uncertainty.</p>		
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We agree that due to the current market volatility caused by hostilities in the Middle East

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		there is a greater risk of high short term balancing costs leading to a consequent depletion of the Working Capital Facility and in turn a potential short term revision to the Fixed BSUoS price. We agree that this risk needs to be addressed urgently and support the proposed implementation date of 24 July.
3	Do you have any other comments?	No.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section here) <input checked="" type="checkbox"/> No As the issue needs to be addressed urgently we believe raising of Alternative Requests will only slow the process of getting a workable solution in place. If the solution needs to be modified subsequently further modifications can be raised once the immediate issue is addressed and the situation stabilised.
5	Does the draft legal text satisfy the intent of the modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No No comment.

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6	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
		No comment.

Specific Workgroup Consultation questions

7	Do you agree with the proposed 50% threshold for the information notice?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Yes. We believe that this threshold has to be set sufficiently high to ensure that early notification is given to suppliers and customers that a Fixed BSUoS Price increase is likely so that this risk can be effectively managed.
8	Will publication the proposed information notice	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	be helpful to industry?	The information notice will help suppliers, and customers on pass through contracts, to plan for and manage cost recovery and cash flow risks.
9	Do you agree with the proposed Working Capital utilisation floor of 50% and 75%?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We agree with the proposal as it ensures that where the Working Capital Facility has to be recovered over a shorter period, the level to which it is recovered is lower, reducing the level of the Fixed BSUoS Price increase and thereby the level of risk for suppliers and customers.</p>
10	Do you agree with the proposed enduring arrangements of 3 months' notice period for the tariff reset?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Yes, as this aligns the re-set notice period with the standard period for Fixed Price BSUoS Price setting.</p>
11	Do you agree that the enduring arrangements of 3 months' notice period for tariff reset will benefit the non-domestic customer on pass-through contracts when	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Yes. The 3 month's notice will ensure that whether the tariff change is part of the standard process or as a result of a reset a non-domestic customer on a pass through contract will have the same notice period and be able to apply a consistent risk management strategy.</p>

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	compared to the baseline?	
12	Do consider that the proposed solution will expose NESO to further risks that cannot be reasonably managed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No We believe the proposal offers a reasonable compromise which enables NESO to replenish the Working Capital Facility whilst minimising the risk to suppliers and non-domestic customers.
13	Do you agree that the proposed solution will reduce the risk for Suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Responding as a non-domestic supplier, we agree that the proposed solution will reduce risk in our market segment. The current baseline exposes non-domestic suppliers to an unacceptable and unmanageable level of risk of cost under-recovery in respect of fixed contracts as it permits a significant rise in tariffs with only 5 days' notice. CMP474 ensures that suppliers will have the same level of notice as they do for business-as-usual tariff changes and provide more time to adjust cost-recovery mechanisms in fixed contracts and manage this risk more effectively. It also reduces the risk of mid-contract re-openers with the subsequent disruption these cause to customers. CMP474 also benefits our customers on pass through contracts by giving them more advanced

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		<p>notice of increases to BSUoS tariffs arising from mid-period resets, enabling them to better forecast their cashflow risk.</p> <p>Note that we are not commenting in this response on the suitability or otherwise of the current standard 3 months' notice period for Fixed Price BSUoS changes (which has previously been 9 months).</p>
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