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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 cust.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 cust.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Hugh Boyle	
Company name:	EDF Energy	
Email address:	Hugh.Boyle@edfenergy.com	
Phone number:	02089352828	
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?	<div>Mark the Objectives which you believe the original solution better facilitates the current baseline:</div> <table border="1"> <tr> <td>Original</td> <td> <input checked="" type="checkbox"/>d <input type="checkbox"/>e <input type="checkbox"/>f <input type="checkbox"/>g <input checked="" type="checkbox"/>h <input type="checkbox"/>None </td> </tr> <tr> <td colspan="2">The solution</td> </tr> </table>	Original	<input checked="" type="checkbox"/> d <input type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input checked="" type="checkbox"/> h <input type="checkbox"/> None	The solution	
Original	<input checked="" type="checkbox"/> d <input type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input checked="" type="checkbox"/> h <input type="checkbox"/> None					
The solution						
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <div>Click or tap here to enter text.</div>				
3	Do you have any other comments?	<p>The solution has merit, although without wider change it will be limited in its effectiveness.</p> <p>Preventing NESO from re-opening BSUoS tariffs after a given notice period does provide some useful information to suppliers, potentially</p>				

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		<p>allowing a reduction/removal of risk premia in the future.</p> <p>However, this is contingent on NESO having sufficient working capital available to ensure it can stand by the commitment to not re-open tariffs. Without sufficient funds, NESO may be forced to re-open BSUoS tariffs on relatively short notice regardless of the outcome of this modification.</p> <p>This modification does not address working capital directly and work on this should be progressed urgently to allow this or any similar modification to work effectively. Otherwise, the benefits of the modification by itself will be largely symbolic.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section here)</p> <p><input checked="" type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>
5	Does the draft legal text satisfy the	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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	intent of the modification?	Click or tap here to enter text.
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 Click or tap here to enter text.

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 This is a sensible level to give guidance to industry that there is potential for BSUoS tariffs to be re-opened in the near future.
8		<input checked="" type="checkbox"/> Yes

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	Will publication the proposed information notice be helpful to industry?	<input type="checkbox"/> No Yes, this information could be shared at existing industry forums but these will not be universally attended and general publication would be useful
9	Do you agree with the proposed Working Capital utilisation floor of 50% and 75%?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Yes, an even phasing of working capital utilisation across the year is a fair simplification.
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 Yes, this strikes a good balance between giving industry confidence that a BSUoS tariff level will be truly fixed and allowing NESO some flexibility to account for changing market conditions.
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 Yes, although as mentioned above the benefits will be largely symbolic if NESO doesn't have the available working capital to sustain a BSUoS fixed tariff.

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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 No, NESO can still re-open BSUoS tariffs in extreme circumstances and should not be exposed to any long term risks.
13	Do you agree that the proposed solution will reduce the risk for Suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Yes, although as above this reduction in risk is contingent on working capital being available to give confidence in BSUoS fixed tariffs. Otherwise, in extreme circumstances NESO would still re-open BSUoS tariffs and suppliers (and some customers) would still be exposed to this risk.