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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:	Gregory Edwards	
Company name:	Centrica	
Email address:	Gregory.Edwards@centrica.com	
Phone number:	Click or tap here to enter text.	
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 type="checkbox"/>e <input 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 type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input checked="" type="checkbox"/> h <input type="checkbox"/> None	
<p><u>Applicable charging Objective d: Positive</u></p> <p>The Proposal better facilitates ACO d by better facilitating competition in the retail market (both the sale and the purchase of electricity).</p> <p>In particular, the introduction of a clear process for revising the Fixed BSUoS Price, together with greater transparency, enhanced information provision and a longer notice period, should:</p> <ul style="list-style-type: none"> • reduce distortions in the retail market arising from the current uncertainty and limited transparency regarding whether, 		

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		<p>when, and how the Fixed BSUoS Price may be revised;</p> <ul style="list-style-type: none"> • help to ensure that concerns that the retail market is uninvestible are not worsened, by reducing the risk of Suppliers not being able to recover additional costs linked to the sudden revision of the Fixed BSUoS Price; • reduce inefficiencies in the retail market caused by Suppliers incorporating risk premia into customer pricing to manage the possibility of a disorderly revision of the Fixed BSUoS Price; • provide a means for Suppliers to better manage the risks associated with the revision of the Fixed BSUoS Price (which otherwise cannot be hedged in the ways that, for example, wholesale costs can be hedged); and • provide a means for Suppliers and relevant customers to better enabled to manage the negative impact of market volatility on balancing costs (and poor costs forecasts). <p><u>Applicable charging Objective h: Positive</u></p> <p>The Proposal better facilitates ACO h by improving efficiency in the implementation and administration of the system charging methodology.</p>
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		<p>The creation of a clear process for revising the Fixed BSUoS Price fulfils an Authority requirement. In its decision on CMP 415 (<i>Amending the Fixed Price Period from 6 to 12 months</i>), the Authority required NESO to incorporate a clear process for revising the Fixed BSUoS Price into the CUSC to provide greater certainty for all parties. NESO has not fulfilled the Authority's requirement. As a result, the Proposal has been developed to provide that greater certainty.</p> <p>The clear process for revising the Fixed BSUoS Price, increased transparency, increased information provision and increased notice period should reduce the collective amount of resource that industry would have to otherwise commit to attempting to forecast:</p> <ul style="list-style-type: none"> • when NESO may revise the Fixed BSUoS Price; • how NESO may revise the Fixed BSUoS Price; • balancing costs; • when the BSUoS Working Capital Facility might be exhausted; and
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		<ul style="list-style-type: none"> (potentially) the size of the BSUoS Working Capital Facility. <p>Other benefits:</p> <p>The current arrangements erode the anticipated benefits associated with CMP 408 (<i>Allowing consideration of a different notice period for BSUoS tariff settings</i>) and CMP 415. For example, it was expected that CMP 408 would reduce the need for Suppliers to incorporate risk premia into their pricing. However, Suppliers are still significantly exposed to risks associated with the sudden revision of the Fixed BSUoS Price. The baseline arrangements require Suppliers to attempt to forecast balancing costs AND when NESO may revise the Fixed BSUoS Price, how NESO may revise the price and the available working capital.</p> <p>The Proposal delivers greater certainty to all parties, including NESO, by introducing greater predictability.</p>
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The modification can be implemented as soon as the Authority confirms approval.</p>

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3	Do you have any other comments?	<p>The Proposal is beneficial to non-domestic customers on pass-through contracts:</p> <p>As we explain in our response to question 11, the Proposal is beneficial to non-domestic customers on pass-through contracts because of the longer notice period before the revised BSUoS Price is implemented.</p> <p>The Proposal should reduce the risk that domestic Suppliers fall foul of capital adequacy requirements because of a sudden increase in the Fixed BSUoS Price:</p> <p>Ofgem introduced the Capital Target regime in 2023, requiring domestic Suppliers have a minimum amount of capital at their risk to remain resilient and protect consumers from disruption and cost. The number of Suppliers that are not meeting the Capital Target increased by 67% between June and September 2025, as discussed in the <u>"State of the market report"</u>.</p> <p>Ofgem expects that Suppliers (whether they supply domestic customers, non-domestic customers, or both) will maintain capital and liquidity of sufficient amount and quality that they can meet their reasonably anticipated</p>
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		<p>financial liabilities as they fall due in times of plausible financial stress. However, the baseline arrangements for the BSUoS Fixed Price regime do not allow Suppliers to reasonably anticipate liabilities relating to BSUoS charges. For Suppliers to reasonably anticipate their financial liabilities due to BSUoS charges, Suppliers need to be able to forecast:</p> <ul style="list-style-type: none"> • balancing costs; • how NESO will revise the Fixed BSUoS Price; • when NESO will revise Fixed BSUoS Price; and • potentially, the amount of working capital available to NESO to manage balancing settlements: <p>This is infeasible, especially because the current arrangements do not promote the minimum necessary transparency.</p> <p>Besides the inherent difficulty described above, the risks associated with the revision of the Fixed BSUoS Price cannot be hedged in a manner that other costs such as wholesale energy costs can be hedged.</p> <p>A sudden and disorderly increase in the BSUoS Fixed Price could contribute a further increase in</p>
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		<p>the number of domestic suppliers falling below the Capital Target, and could lead to a Supplier(s) falling below the Capital Floor.</p> <p>The Proposal should provide an opportunity to Suppliers to adjust credit guarantee limits to avoid sudden 'cash calls':</p> <p>As specified in the CUSC, Suppliers are required to maintain an adequate level of credit cover to manage their liabilities associated with BSUoS and transmission use-of-system (TNUoS) charges.</p> <p>A sudden increase in the Fixed BSUoS Price suddenly increases Suppliers' liabilities, which could exceed the existing credit guarantee limits. Suppliers would then be required to seek immediate uplifts in credit guarantee limits, which comes at a cost. If a Supplier is unable to obtain that uplift in a timely manner, that Supplier could be required to immediately pay BSUoS charges as soon as the liability is created instead of being able to make payments according to the standard payment terms. A Supplier may also be required to immediately pay TNUoS charges as soon as the liability is created since the credit cover requirements in</p>
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		<p>the CUSC jointly cover BSUoS and TNUoS charges.</p> <p>The Proposal reduces the risk of credit guarantee limits being breached because of the Fixed BSUoS Price being revised since the NESO would be required to give Suppliers no less than three months' notice of the revision.</p> <p>No additional resources or system upgrades are required to implement the Proposal:</p> <p>The Proposal is an adaption of NESO's published internal process for managing potential revisions of the BSUoS Fixed Price. It is unlikely that NESO will need to make system changes or commit additional resources to implement the Proposal.</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 We agree with the proposed 50% threshold for the information notice. The 50% threshold strikes the appropriate balance between providing appropriate notice to Suppliers
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		that they may be required to pay additional costs and NESO having a degree of working capital available that is assumed does not automatically render revision of the Fixed BSUoS Price inevitable.
8	Will publication the proposed information notice be helpful to industry?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The publication of the proposed information notice be helpful to industry.</p> <p>There currently is no obligation on NESO to provide any detail regarding a potential revision of the Fixed BSUoS Price to industry. The only relevant obligation on NESO is that it must give five business days' notice ahead of the revised Fixed BSUoS Price being levied.</p> <p>The proposed information notice will be helpful to industry because it provides Suppliers and relevant Customers early, actionable information before material risk crystallises, while still avoiding unnecessary or noise-driven alerts. The information notice should aid Suppliers communicating in a timely manner with Customers and will provide additional insight on the trajectory of the Fixed BSUoS Price.</p>

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		NESO already publishes 'Revenue vs Costs' report. However, that report does not contain the data items that have been included in the proposed information notice. Furthermore, NESO is not obligated to publish the 'Revenue vs Costs' report.
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 proposed Working Capital Facility utilisation floors of 50% and 75%.</p> <p>The Working Capital Facility utilisation floors are intended to strike an appropriate balance between:</p> <ul style="list-style-type: none"> ensuring that NESO has access to an adequate amount of working capital during the period in which the Fixed BSUoS Price has been revised; and limiting the cost shock to parties by restricting the amount the additional funding that parties will be required to provide when the Fixed BSUoS Price is revised.
10	Do you agree with the proposed enduring arrangements of 3 months' notice	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We agree with the minimum three-month notice period for revision of the Fixed BSUoS Price.

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	<p>period for the tariff reset?</p>	<p>The risks associated with a sudden revision of the Fixed BSUoS Price are unmanageable and those risks cannot be hedged in a manner that other costs such as wholesale energy costs can be hedged. A longer notice period for revising the fixed BSUoS Price is beneficial to Customers and Suppliers in various ways. These benefits are explained below.</p> <p>We acknowledge that NESO has informally indicated that it would attempt to give more notice of a revision to the Fixed BSUoS Price than the stipulated minimum. However, the fact remains that there is no obligation on NESO to do so. A longer notice period should be formally incorporated into the CUSC given the importance to the market of providing sufficient notice of and information about any potential revision of the Fixed BSUoS Price.</p> <p>Compared to the baseline arrangements, the three-month notice period for revision of the Fixed BSUoS Price is beneficial for non-domestic Customers on pass-through contracts:</p>
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		<p>We explain why the Proposal is beneficial for non-domestic Customers on pass-through contracts in response to question 11.</p> <p>Compared to the baseline arrangements, the three-month notice period for revision of the Fixed BSUoS Price is beneficial for Suppliers with Customers on the default tariff and on fixed price contracts, and for Customers on fixed price contracts:</p> <p><u>Suppliers for domestic Customers on the default tariff:</u></p> <p>The baseline arrangements do not prevent NESO from revising the Fixed BSUoS Price during a price cap period. If a mid-period revision occurs, the revised Fixed BSUoS Price cannot be incorporated into the default tariff because the default tariff would be confirmed before the Fixed BSUoS Price is revised. The timing difference would lead to a mismatch between BSUoS charges levied by NESO on Suppliers and BSUoS charges in the default tariff which, in turn, leads to a revenue shortfall for Suppliers.</p>
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	<p>Even if a Supplier can withstand the cash shortfall if the Fixed BSUoS Price is revised during a price cap period, there is no automatic mechanism that ensures that Suppliers will eventually be made 'whole'. This means that Suppliers face the risk of not being able to recover costs because of the baseline arrangements that govern the revision of the Fixed BSUoS Price.</p> <p>The minimum three-month notice period for revising the Fixed BSUoS Price allowed that revised price to be available to Ofgem when it is calculating the relevant default tariff.</p> <p><u>Suppliers for domestic and non-domestic Customers on fixed price contracts:</u></p> <p>The Proposal is beneficial to Suppliers for Customers on fixed price contracts, similar to the way in which it is beneficial to Suppliers for domestic Customers on the default tariff. The Proposal does not fully remove the risk for these Suppliers and Customers, but it better than the baseline. This is because the longer notice period provides an opportunity for Suppliers to reflect the revised Fixed BSUoS Price in contracts to the extent that it can be reflected.</p>
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		<p><u>Domestic and non-domestic Customers on fixed price contracts:</u></p> <p>Suppliers for these Customers may attempt to manage the risk associated with the Fixed BSUoS Price being revised at short notice by including risk premia in Customer contracts. Extending the notice period for the revision of the Fixed BSUoS Price can reduce the need for risk premia and, therefore, can result in lower energy prices for these Customers.</p> <p>The proposed three-month notice period aligns with that for the April to September fixed tariff:</p> <p>The proposed 3-month notice period aligns with notice given for the April to September fixed tariff, which was confirmed in the Authority's decision on CMP 408.</p> <p>We note that NESO supported a three-month notice period as it was a reasonable balance between balancing cost forecasting accuracy and sufficient notice for suppliers. In its response to the CMP 408 Code Administrator consultation, NESO stated:</p>
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		<p>Overall, the ESO believes that the [three-month notice period] proposal is beneficial to both suppliers and the end consumer. By reducing the notice period to 3 months it allows for more accurate BSUoS tariff setting, removing the need to include risk premia in supplier's cost forecasting, which is passed on to end consumers. In addition, increased accuracy of forecasting can reduce the likelihood of tariff resets within a fixed period supporting the overall aim of ex-ante fixed BSUoS.</p> <p>And:</p> <p>The ESO feels that the Original proposal to amend the notice period from 9 to 3 months is the best solution. It offers balance between providing suppliers with enough notice of those charges, whilst allowing the ESO to provide a forecast for these charges closer to the fixed period.</p> <p>In this respect, the Proposal does not introduce additional burden on NESO because it has already</p>
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		fulfilled the requirement to give three months' notice for price changes.
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 compared to the baseline?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We agree that the minimum notice period of three months for revising the Fixed BSUoS Price is beneficial for non-domestic Customers on pass-through contracts, when compared to the baseline. Increasing the minimum notice period for revising the Fixed BSUoS Price will provide an opportunity for non-domestic customers on pass-through contracts to adjust where possible.</p> <p>Under the current arrangements, non-domestic Customers on pass-through contracts will bear the increase in the Fixed BSUoS Price, with potentially as little as five days' notice (and potentially subject to billing cycles). The negative effects of the short notice period for the increase can:</p> <ul style="list-style-type: none"> • create both short-term and long-term cashflow difficulties; • can create debt which otherwise would not have been created had adequate notice of the increase been provided; and

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	<ul style="list-style-type: none"> • have a chilling effect on business investment operational decisions and overall activity within the economy. <p>Research conducted for Ofgem and by Centrica provide evidence of the negative impacts of sudden price increases on non-domestic customers and why it is necessary that those customers are given adequate opportunity to adjust to new pricing levels.</p> <p>Research published by Ofgem in May 2026 highlights difficulties that pricing unpredictability creates for non-domestic customers:</p> <p>The “<u>Businesses’ experiences of the energy market 2025</u>” prepared for Ofgem discusses some of the difficulties that pricing unpredictability create for non-domestic customers, including:</p> <ul style="list-style-type: none"> • Challenges linked to high or unpredictable costs, complex billing, and the time required to understand charges. • Volatile pricing was viewed as a barrier to growth, making budgeting more difficult. • Price stability was identified as a priority and the importance of predictable and affordable costs to help support future
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		<p>planning and investment decisions was emphasised.</p> <p>Research conducted by Centrica also highlights difficulties that pricing unpredictability create for non-domestic customers:</p> <p>These themes listed above are also consistently reflected in longitudinal surveys that Centrica conducts with non-domestic customers that focus on their experiences of and attitudes to general market/industry events and impacts.</p> <p>Q3 2023: <i>Sudden price rises create financial harm, emotional stress and long-term distrust, not just short-term dissatisfaction.</i></p> <ul style="list-style-type: none"> • Non-domestic customers explained that sudden rises push them into defensive decisions (e.g. fixing at unfavourable rates). • Energy prices were reported as a major driver of business distress – non-domestic customers linked sharp increases directly to budgetary strain, reduced profitability and the risk of closure.
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		<p>July – October 2024: <i>Sudden price rises don't just hurt affordability – they damage long term customer relationships.</i></p> <ul style="list-style-type: none"> • Sudden increases often push non-domestic customers into debt unexpectedly. <p>May 2025: <i>Unforecastable energy costs are operational risk and not just a pricing issue.</i></p> <ul style="list-style-type: none"> • Unpredictable pricing was viewed as a key risk for financial planning. • Non-domestic customers explicitly linked energy price unpredictability to difficulty in forecasting cashflow and margins. <p>June 2025: <i>Volatility reduces the ability to plan, invest, and make confident long-term decisions.</i></p> <ul style="list-style-type: none"> • Price volatility was identified as the key energy-related challenge which, in turn, negatively impacted financial stability and strategic decision making • Budget certainty and fixed pricing were consistently ranked as a top priority, alongside lowest price.
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		<p>2024 – 2026: <i>The negative impact of sudden price rises persists over time and shapes future behaviour.</i></p> <ul style="list-style-type: none"> • ~70% of businesses remain concerned about future energy price rises, even when wholesale prices stabilise. • Energy prices consistently rank among the top threats to business operations. • Non-domestic customers report being forced to pass on costs, reduce investment or reassess viability. • Communication alone does not offset the harm caused by volatility and unpredictability. <p>We are happy to discuss the detailed findings of Centrica's research with Ofgem.</p>
12	Do consider that the proposed solution will expose NESO to further risks that cannot be reasonably managed?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>We do not believe that the proposed solution expose NESO to further risks, or to further risks that cannot be reasonably managed.</p> <p>NESO is not exposed to cashflow risk:</p> <p>NESO is not exposed to any cashflow risk because it is fully funded by Suppliers and relevant</p>

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	<p>Customers. Similarly, NESO is not exposed to earnings (profit and loss) risk because it is a not-for-profit entity.</p> <p>NESO has stated that it is exposed to short-term cashflow risk because the increased notice period for revising the Fixed BSUoS Price could cause difficulty if extraordinary levels of balancing costs are incurred during the notice period. This is fundamentally incorrect. Even if sustained extraordinary levels of costs were incurred during the notice period, the NESO is not exposed to cashflow risk because it does not have its own funding. Any such cashflow risk would likely be borne by industry parties if the temporary revenue shortfalls cannot be supported by the working capital available to NESO.</p> <p>For clarity, the Proposal does not change NESO's risk profile and does not expose NESO to additional risk that cannot be managed within its 'toolkit'.</p> <p>Net revenue recovery is not indicative of risk of the Fixed BSUoS Price being revised:</p> <p>NESO requested that the chart on page 22 of the consultation be included. That chart shows how</p>
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	<p>the net revenue recovery position changes over time i.e. the revenue it received vs the costs incurred. We emphasise that the chart does not show NESO's cashflow profile over time. This is important as it is the <u>cashflow position instead of the net recovery position this will influence decisions about the potential revision of the Fixed BSUoS Price</u>. Net recovery is only one factor that influences cashflow. Other factors include the timing of payments to service providers, the timing of revenue receipts, 'opening' balance, etc. NESO has not provided this analysis.</p> <p>The Proposal does not affect security of supply:</p> <p>NESO stated in its proposal form for CMP475 that the current arrangements may create a risk to security of supply because of restrictions on the replenishment of the BSUoS Working Capital Facility if the Fixed BSUoS Price is revised. It may be inferred that its concern also extends to any proposal that limits the degree to which NESO can replenish the BSUoS Working Capital Facility.</p> <p>It is helpful that NESO has since clarified that the current arrangements do not risk security of supply. NESO is legally required to operate the system in a safe manner. Any concern about the</p>
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		timing of revenue receipts or payments to service providers does not relieve NESO of this legal obligation.
13	Do you agree that the proposed solution will reduce the risk for Suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We agree that the proposed solution will reduce the risk for Suppliers, compared to the baseline.</p> <p>The Proposal provides for a longer notice period for revision of the Fixed BSUoS Price, which:</p> <ul style="list-style-type: none"> allows opportunity for Ofgem to account for the revised Fixed BSUoS Price when calculating the default tariff for domestic Customers, thereby reducing the risk of Suppliers facing unrecoverable costs reduces Suppliers' exposure to unrecoverable costs associated with domestic and non-domestic fixed price contracts. provides opportunity for Suppliers to engage with Customers and third-party brokers, and to update billing systems where necessary ahead of the revised Fixed BSUoS Price being implemented.

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		<p>The Proposal will increase transparency relating to potential revisions of the Fixed BSUoS Price, by requiring NESO to publish 'early warning' information in a timely manner.</p> <p>Finally, if the Fixed BSUoS Price is revised, the Proposal restricts the extent to which the BSUoS Working Capital Facility can be replenished. This restriction is intended to limit the cost shock to Suppliers (and relevant Customers) by ensuring that NESO recovers no more than is necessary to manage in-period cashflow.</p>
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