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Code Administrator 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 **29 June 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:	James Doig	
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Email address:	james.doig@eon-uk.com	
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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

I wish my response to be:

(Please mark the relevant box)	<input checked="" type="checkbox"/> Non-Confidential (<i>this will be shared 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, will not be shared with the Panel or the industry for further consideration</i>)

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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:
		Original <input checked="" type="checkbox"/> d <input checked="" type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input checked="" type="checkbox"/> h <input type="checkbox"/> None
		<p>E.ON supports CMP474 and believes that it better facilitates the Applicable Objectives than the current baseline.</p> <p>The proposal addresses a material weakness in the current arrangements: fixed BSUoS tariffs are intended to provide predictability, but the current reset process leaves suppliers and customers exposed to material in-period changes with limited formal notice, limited codified information requirements and insufficient alignment with the Default Tariff Cap timetable.</p> <p>The proposal improves the baseline by codifying an objective, transparent, and proportionate process for any Fixed BSUoS Price revision.</p> <p>In our view it has a positive impact on the Applicable Objectives:</p> <p>Objective d) Effective competition</p> <ul style="list-style-type: none"> Positive impact. Significantly reduces unpredictability and “operator discretion risk”. Reduces need for risk premia in customer pricing. <p>Objective e) Cost reflectivity</p>

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		<ul style="list-style-type: none"> • Slight positive impact. The proposal does not prevent NESO from recovering efficiently incurred costs, but it improves the timing and governance of any revision so that cost recovery is more capable of being reflected in customer pricing arrangements. This supports cost-reflective charging without creating unnecessary short-notice volatility. <p>Objective h) Efficiency</p> <ul style="list-style-type: none"> • Positive impact. Codifies process as required by Ofgem. Reduces administrative and reactive decision-making. <p>The Workgroup clearly identified that the risks faced by NESO and suppliers are not symmetric. NESO has a Working Capital Facility (WCF) designed to manage timing differences, whereas suppliers face potential unrecoverable cost exposure where revised BSUoS costs cannot be reflected in the relevant price cap period (domestic) or recovered from fixed-term contract customers (domestic and non-domestic).</p>
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The implementation is proportionate and pragmatic:</p> <ul style="list-style-type: none"> • Relies on codifying an existing process. • Introduces minimal system change requirements. • Can be delivered within urgent timelines.

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		<p>We particularly support:</p> <ul style="list-style-type: none"> • Better alignment with Default Tariff Cap (price cap) cycles than current 5 business-day reset approach. • Use of clearly defined thresholds rather than discretion. <p>We recognise that a longer notice period may require NESO to make decisions earlier and with less certainty than under a five-business-day reset process. However, we consider the proposed balance appropriate because the alternative exposes suppliers and customers to material unrecoverable costs and bill shocks (as would more likely be the case under CMP475).</p> <p>Crucially, the proposal does not remove NESO’s ability to revise tariffs; it places appropriate governance around that ability.</p> <p>We agree with the Workgroup discussions that:</p> <ul style="list-style-type: none"> • 50% notification threshold is <u>informational</u> and does not create an automatic reset trigger. • 50% and 75% utilisation levels operate as <u>constraints on recovery</u>, not fixed targets. • Notice periods are <u>enforceable</u>, not discretionary or merely matters for reasonable endeavours. <p>Notices should include the forecast utilisation level, not simply a binary statement that the threshold has been exceeded. The obligation to provide updates should continue while the threshold remains exceeded.</p>
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3	Do you have any other comments?	<p><u>Comparison with CMP475</u></p> <p>We believe that CMP474 is important in the context of CMP475 proposal. While the two modifications address related but distinct defects, CMP474 provides the governance framework that should apply where fixed BSUoS prices are revised: early information, objective utilisation parameters and price cap-aligned notice. By contrast, any mechanism that allows wider recovery flexibility without equivalent safeguards would undermine the predictability that fixed BSUoS tariffs were intended to provide.</p> <p>a) Market stability and consumer impact</p> <p>Without CMP474:</p> <ul style="list-style-type: none"> • Suppliers face material in-period cost risk. • Retail pricing becomes more volatile. • Risk premia rise, leading to higher consumer bills. <p>By improving notice, transparency and predictability, CMP474 should reduce the need for suppliers to price uncertainty into customer offers through risk premia.</p> <p>b) Asymmetry of risk</p> <p>We strongly agree with the Workgroup identification that:</p> <ul style="list-style-type: none"> • NESO has a working capital facility to manage timing risk. • Suppliers face P&L risk with no recovery mechanism. <p>The risks are not symmetric, and the framework must reflect this.</p>
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4	Do you agree with the Workgroup’s assessment that the modification does not	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	n/a
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