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Code Administrator Consultation Response Proforma

CMP475: Amendment to the BSUoS tariff reset process

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 Knight	
Company name:	Centrica	
Email address:	james.knight3@centrica.com	
Phone number:	07557613126	
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</i>

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	<i>shared with the Panel or the industry for further consideration)</i>
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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 question 4) 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?

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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.

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 type="checkbox"/> d <input type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input type="checkbox"/> h <input checked="" type="checkbox"/> None
		The proposal does not better facilitate the Applicable Objectives. While it is intended to provide NESO with a clearer route to manage the Working Capital Facility, it would broaden discretion to reopen fixed tariffs and socialise short-term forecasting error, increasing in-period volatility and reducing predictability for suppliers and end consumers. This risks weakening objective (d), as suppliers rely on stable and predictable charging signals when pricing and managing

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		customer contracts. We also do not consider that the proposal better facilitates objective (e) or (h), as the drafting does not include sufficiently clear methodology that would allow suppliers to accurately predict NESO behaviour.
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We do not support the proposed implementation approach as currently drafted. The remaining uncertainty around governance, trigger thresholds, notice arrangements, calculation methodology and the frequency with which the mechanism may be used is too material for the Authority to approve the modification as currently drafted.</p> <p>Given the potential for significant cash flow impacts and tariff volatility, market participants need clear and transparent evidence for any reset, sufficient notice to manage customer and supplier impacts, and safeguards to prevent repeated or avoidable in-period interventions.</p>
3	Do you have any other comments?	We have significant concerns regarding the potential impact on non-domestic customers with pass-through contracts. The ability of NESO to reopen a tariff mid period undermines the fixed price regime. If NESO is permitted to reset BSUoS tariffs at a materially higher level than the baseline

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		<p>rate, this could create a substantial and unexpected cash flow burden for both suppliers and customers, further undermining the fixed price regime. Even with several months' notice, the increase could create considerable financial pressure for parties that are unable to recover or absorb the costs in a timely way.</p> <p>In the absence of transparent trigger metrics linked to the financial position of the Working Capital Facility, a clear and tightly bounded methodology for calculating any reset or top-up, timely publication of supporting evidence, and a robust justification for why alternative mitigations are insufficient, we do not consider that the modification should be approved. Without those features, the mechanism risks becoming a routine balancing tool rather than a tightly controlled exception.</p>
4	<p>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?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We agree that the modification does not appear to directly amend or materially impact the EBR Article 18 terms and conditions held within the Code.</p>

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