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Code Administrator Consultation Response Proforma

CMP476: Correction to Section 15 of the CUSC

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 **17 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:	Graeme Vincent	
Company name:	SP EnergyNetworks	
Email address:	Graeme.vincent@spenergynetworks.co.uk	
Phone number:	Click or tap here to enter text.	
Which best describes your organisation?	☐ Consumer body ☐ Demand ☒ Distribution Network Operator ☐ Generator ☐ Industry body ☐ Interconnector	☐ Storage ☐ Supplier ☐ System Operator ☒ Transmission Owner ☐ Virtual Lead Party ☐ Other

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I wish my response to be:

(Please mark the relevant box)	☒ Non-Confidential (<i>this <u>will be shared</u> with industry and the Panel for further consideration</i>)
	☐ Confidential (<i>this will be disclosed to the Authority in full but, unless specified, <u>will not be shared</u> with the Panel or the industry for further consideration</i>)

For reference the Applicable CUSC (non-charging) Objectives are:

- i. *The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;*
- ii. *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- iii. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and*
- iv. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

* See Electricity System Operator Licence

**The Electricity Regulation referred to in objective (iii) 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.

For reference, (for consultation question 4) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:

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- 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.

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

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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.

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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 ☐i ☐ii ☐iii ☐iv ☒None
		I do not believe that the proposed wording is better than the current baseline text.
2	Do you support the proposed implementation approach?	☐ Yes ☒ No
		As noted above I do not believe that this modification is better than the existing text.
3	Do you have any other comments?	As the Global Asset Reuse Factor (GARF) and User Risk Factors (URF) are both factors (or percentages as laid out in the Wider Cancellation Charge Statement) then in order to achieve a 'reduction' you require to multiply the appropriate Attributable Works Capital Cost (AWCC) by the GARF (and the URF) which is what the current wording indicates. The proposed wording is ambiguous in that it

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		simply says that AWCC is reduced by URF and the GARF which suggests the calculation is a subtraction but as the AWCC and GARF are in different units this wouldn't be possible (and would require the values to be multiplied to achieve the desired result – which as noted previously is the current wording). I believe further clarity is also required in relation to the proposal to modify the definition of GARF to include the words 'on average' and whether this is materially different from the current adopted processes and calculation method. The Wider Cancellation Charge Statement currently defines the GARF as 'the percentage of the wider transmission assets which a TO could potentially reuse on another project' so the inclusion 'on average' suggests a more nuanced approach to the calculation and it would be good to understand the implications (if any) of this. Within the consultation document there a couple of references (page 3 and 6) to a term User Reduction Factor, based on the existing legal text I believe this should be referring to the term User Risk Factor.
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4	Do you agree with the Proposer's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	☒ Yes ☐ No
		Click or tap here to enter text.
		Click or tap here to enter text.