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Workgroup Consultation Response Proforma

CMP423: Generation Weighted Reference Node

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 **20 June 2025**. 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:	Ryan Ward	
Company name:	ScottishPower Renewables	
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Phone number:	+44 7818 538595	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" type="checkbox"/> Storage <input 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:

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(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 Workgroup, 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

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(recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

For reference, 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.*

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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 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 facilitates the Applicable Objectives versus the current baseline?	Mark the Objectives which you believe the Original 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 type="checkbox"/> h <input type="checkbox"/> None
		Objective D: Positive More effective competition would be delivered as price signals would be more cost-reflective for generation and for demand in response to decisions from both parties. CMP423 has the potential to reduce existing market distortions faced by generators, aligning them more closely with conditions in international markets.	

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		<p>Analysis to date suggests the proposal would increase compliance with EU regulation 838/2010, as locational generation charges would be brought closer to within the 0.00 – 2.50 €/MWh bounds, minimising the need for the generator adjustment tariff.</p> <p>Objective E: Positive</p> <p>CMP423's adoption of a generator-weighted reference node aligns with the Security and Quality of Supply Standard (SQSS) and the National Electricity System Operator (NESO) network cost-benefit modelling. This approach, also used in the Network Options Assessment (NOA) and now in strategic planning processes such as the Centralised Strategic Network Plan, is based on the principle of generation serving demand.</p>
2	Do you support the proposed implementation approach?	<div> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div> <div> We believe the timeline of 1st of April 2027 appears reasonable, and that there are no immediate issues with the implementation of this approach. </div>
3	Do you have any other comments?	<div>Click or tap here to enter text.</div>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<div> <input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/> No </div>

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5	Does the draft legal text satisfy the intent of the modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We agree the draft legal text satisfies the intent of the modification.
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
		Yes, we agree with this assessment, the modification has no bearing on EBR Article 18 terms and conditions.

Specific Workgroup Consultation questions

7	Is it beneficial that the modification would largely reinstate the gradient of locational Demand charges?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		From a fairness perspective, we believe CMP423 should be implemented to strengthen the locational signal for demand, just as it currently does for generation.

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		A precedent has already been set by the TNUoS Task Force through the progression of CMP440. In our view, CMP423 complements CMP440 and aligns with the broader direction of the wider charging policy.
8	Do you have any comments on the change in revenue collection proportions between generation and Demand?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>Modification proposals should be considered against the CUSC objectives, ultimately with a focus on delivering the best value for consumers.</p> <p>Introducing more cost-reflective charges will enhance competition and support the development of a more economically efficient energy system.</p>
9	Do you have any comments on the interactions between <u>CMP423</u> with other modifications, including <u>CMP432</u> , <u>CMP440</u> , <u>CMP442</u> and <u>CMP444</u> ?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>These modifications have the potential to reinforce and/or counteract the effects of CMP423.</p> <p>To ensure the most informed and effective decision-making, we believe that CMP423, CMP432, CMP440, and CMP442 should be concluded prior to the implementation of CMP444. Additionally, it</p>

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		would be beneficial for the industry if updated projections and sensitivities—ideally extending to 2035—were shared to support a more comprehensive assessment.
10	Regarding terms of reference (g), do you have comments on whether the assumption that a change in generation will displace generation elsewhere is appropriate both now and, in the future, and how this applies or is relevant to the modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We consider the assumption to be reasonable, as changes in generation capacity will naturally impact future generation requirements.</p> <p>In the interest of consumers, the objective should be to pursue the most optimised and cost-effective siting strategy.</p>