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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 [cust.team@neso.energy](mailto:cust.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 [cust.team@neso.energy](mailto:cust.team@neso.energy)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Alan Kelly	
<b>Company name:</b>	West of Orkney Wind Farm	
<b>Email address:</b>	Alan.kelly@westoforkney.com	
<b>Phone number:</b>	07720160328	
<b>Which best describes your organisation?</b>	<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 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:

(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

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*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 (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, 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.

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

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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:											
		<table border="1"> <tr> <td rowspan="2">Original</td> <td><input checked="" type="checkbox"/>d</td> <td><input checked="" type="checkbox"/>e</td> <td><input checked="" type="checkbox"/>f</td> <td><input type="checkbox"/>g</td> <td><input type="checkbox"/>h</td> </tr> <tr> <td colspan="5"><input type="checkbox"/>None</td> </tr> </table>	Original	<input checked="" type="checkbox"/> d	<input checked="" type="checkbox"/> e	<input checked="" type="checkbox"/> f	<input type="checkbox"/> g	<input type="checkbox"/> h	<input type="checkbox"/> None				
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<input type="checkbox"/> None													
<p>The proposal better facilitates objective d) because it lowers generator prices overall and dampens the step change in tariffs caused by the implementation of the Targeted Charging Review. That change had the effect of amplifying the locational signal to unreasonably disadvantage more northern generators. Implementing the proposal to move to a generation weighted reference node therefore improves competition by restoring a more level playing field.</p> <p>The proposal better facilitates objective e) because moving to a generation weighted reference node is better than baseline because it reduces the dependency on the adjustment tariff. This means that tariffs can be more cost reflective of actual transmission design and investment decisions.</p>													

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		<p>The proposal better facilitates objective f) because a generation weighted reference node better models the transition to a low carbon GB transmission system.</p> <p>The proposal is neutral against objectives g) and h).</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>
3	Do you have any other comments?	<p>Click or tap here to enter text.</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 <a href="#">Workgroup Consultation Section</a>)</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 intent of the modification?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>
6	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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	and conditions held within the Code?	
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### 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  Click or tap here to enter text.
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  The reduction in generation revenue collection reduces the generator adjustment credit which indicates this proposal produces a more cost reflective tariff model.  Reduction in lower generation revenues will be reflected in lower CfD strike prices providing lower prices to consumers as highlighted in the Aurora report referred to in the consultation which <i>"suggests that if CMP423 reduced TNUoS charges and CfD Strike Prices by c£1.41 over the period, then it could deliver a saving to customers of c£107m in terms of reduced cost to customers of CfD payments."</i>
9	Do you have any comments on the interactions between <u>CMP423</u> with other modifications, including <u>CMP432</u> ,	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Modifications CMP444, CMP423 and CMP432 should be considered on their own merits and should be implemented. Interactions between them tends to compound the benefits each proposal will bring: more

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	<u>CMP440</u> , <u>CMP442</u> and <u>CMP444</u> ?	predictability, less volatility and lower overall TNUoS charges which leads to lower CfD prices resulting in lower consumer bills.
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?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>This assumption is appropriate and reflects the current GB system and its operation for the foreseeable future.</p> <p>For example, in respect of managing network constraints this often involves turning wind farm output down and replacing that energy, typically with gas generation.</p> <p>This proposal therefore improves the charging methodology compared to the baseline by reflecting the realities of transmission system operation.</p>