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Code Administrator Consultation Response Proforma

CMP463: Stabilising the Specific Onshore Expansion Factors from 1st April 2026

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 usc.team@neso.energy by **5pm** on **25 November 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 usc.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Andrew Dudkowsky	
Company name:	National Energy System Operator (NESO)	
Email address:	Andrew.dudkowsky@neso.energy	
Phone number:	07766807102	
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 type="checkbox"/> Supplier <input checked="" 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.*

For reference, (for consultation questions 5) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:

- a) fostering effective competition, non-discrimination and transparency in balancing markets;*

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- 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 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.

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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:
		<table border="1"> <tr> <td>Original</td> <td>d) <input checked="" type="checkbox"/> e) <input checked="" type="checkbox"/> f) <input type="checkbox"/> g) <input type="checkbox"/> h) <input type="checkbox"/> <input type="checkbox"/>None</td> </tr> </table>
Original	d) <input checked="" type="checkbox"/> e) <input checked="" type="checkbox"/> f) <input type="checkbox"/> g) <input type="checkbox"/> h) <input type="checkbox"/> <input type="checkbox"/> None	
<p>NESO believes that the proposed solution better facilitates objectives d) and e) and is neutral on objectives g) and h)</p> <p>The RIIO-T3 determination changes the specific onshore expansion factors, effective from 1 April 2026. This impact of this determination only became apparent circa September 2025. NESO believes that this lack of forward notice of the change did not allow impacted parties to effectively forecast and manage the impact of the change. NESO believes that this will impact competition between generators as it exposes the impacted generators to costs that they did not directly generate and realistically could not anticipate, forecast or easily manage.</p> <p>The specific onshore expansion factors are based as a function of actual project costs. Other than to accommodate inflation, it is not unreasonable to expect these to remain stable. That this has not happened suggests these costs are not cost reflective as intended.</p>		
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		The TNUoS tariffs for years 26/27 are dependent on the outcome of this modification. Work to calculate the tariffs is ongoing, and the tariffs will be published

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		by the end of Jan 26. NESO's support for the proposed implementation plan is conditional on the modification plan being met and an Ofgem decision is published by 13 Jan 2026. This will allow sufficient time to publish the final tariffs. Failure to meet this timeline risks the delivery of the 26/27 TNUoS tariffs. This is an outcome that both NESO and the industry must avoid. If this timeline cannot be met, then NESO will remove its support strongly oppose this modification.
3	Do you have any other comments?	Click or tap here to enter text.
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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.