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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: | Als Scrope | |
| Company name: | Northland Power | |
| Email address: | Als.Scrope@Northlandpower.com | |
| Phone number: | 07309 658733 | |
| 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 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? | <p>Mark the Objectives which you believe the Original solution better facilitates than the current baseline:</p> <table border="1"> <tr> <td>Original</td> <td> <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 </td> </tr> </table> <p>We agree with the proposer's summary of benefits in meeting the Applicable Objectives, i.e. as contained in the consultation document.</p> | 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 |
| 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 | | | |
| 2 | Do you support the proposed implementation approach? | <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p> <p>We support the proposed Implementation Date of 1 April 2027, with a proposed decision no later than 30 September 2026 – to give time to make the necessary changes to Section 14 of the CUSC (Charging Methodologies).</p> <p>We agree that it would be beneficial for bidders in the AR7 CfD auction round to receive a decision as early as possible. This is to provide successful CfD bidders better certainty of their TNUoS charges before they reach final investment decision.</p> | | |
| 3 | Do you have any other comments? | Our support for implementation of CMP423 is based on the following benefits: | | |

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| | | <ul style="list-style-type: none"> • A change to a generator weighted reference node better represents how system balancing is undertaken in practice (gen being matched to demand and not vice versa) • Placing relevant UK generators in a fairer position in relation to their competitiveness with other European generators – they should not be disadvantaged by a flaw in the TNUoS methodology • The likely benefit to consumers associated with lower CfD strike prices, given the expectation is that Scottish generators shall set a number of future CfD auction clearing prices. <p>We believe that the current Demand Weighted Reference Node is distorting current charges and that this distortion shall worsen over time with the planned significant transmission system reinforcement. As such, it is important to correct this distortion now.</p> |
| 4 | Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider? | <input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/> No <div>Click or tap here to enter text.</div> |
| 5 | Does the draft legal text satisfy the intent of the modification? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>To the best of our knowledge it does so, however, we have not reviewed the full 150 page text of the methodology to confirm all required changes have been addressed and are confident the workgroup will have done so.</p> |

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| 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 |
| | | |

Specific Workgroup Consultation questions

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| 7 | Is it beneficial that the modification would largely reinstate the gradient of locational Demand charges? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | | |
| 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>If this is a result of moving to an approach (GWRN) that is more representative of how the system is balanced in practice, then the out-turn proportions of revenue collection from generation and demand shall be justified.</p> |
| 9 | Do you have any comments on the interactions between <u>CMP423</u> with other modifications, | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>CMP423 relates to correcting a flaw in the current methodology and, as such, should occur irrespective of</p> |

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| | including <u>CMP432</u> , <u>CMP440</u> , <u>CMP442</u> and <u>CMP444</u> ? | <p>decisions made in relation to other CMPs. Furthermore, we don't believe that the decision on CMP423 should impact the decisions made on CMP432 and CMP440 (we are not close enough to CMP442 to comment on that one).</p> <p>CMP432 (similar to CMP423) also corrects for flaw in the methodology that currently assumes additional transmission system capacity is always required for system security when new generation connects to the system.</p> <p>CMP423 & CMP432, if approved, correct shortcomings of the current methodology. CMP444 seeks to introduce a cap and floor to charges that the methodology generates. As such, we see no reason why CMP423, CMP432 and CMP444 cannot all be approved and implemented, even if that would result in the cap/floor biting more or less often.</p> <p>We would support all of 423, 432 and 444 being implemented, but consider that they each deserve approval on their own merits and do not rely on the others to be approved.</p> |
| 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, | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Yes, it is clear to us that to balance the system generation is scaled to demand and not vice versa. The methodology should follow the same principle, i.e. for a given demand, a generator increasing output by 1MW would be balanced by another (/other) generators reducing output by 1MW – not by forcing a notional demand increase of 1MW.</p> |

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| | and how this applies or is relevant to the modification? | |
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