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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:	Tom Steward	
Company name:	RWE	
Email address:	Tom.Steward@RWE.com	
Phone number:	07785 663264	
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)	<input 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 type="checkbox"/> e) <input type="checkbox"/> f) <input type="checkbox"/> g) <input type="checkbox"/> h) <input type="checkbox"/> <input checked="" type="checkbox"/> None </td> </tr> </table>	Original	d) <input type="checkbox"/> e) <input type="checkbox"/> f) <input type="checkbox"/> g) <input type="checkbox"/> h) <input type="checkbox"/> <input checked="" type="checkbox"/> None
		Original	d) <input type="checkbox"/> e) <input type="checkbox"/> f) <input type="checkbox"/> g) <input type="checkbox"/> h) <input type="checkbox"/> <input checked="" type="checkbox"/> None	
<p>General comments</p> <p>We agree with the proposer that unforecastable, short-notice changes in charges add avoidable cost to investments. However, we challenge the notion that it was not possible to foresee a change to the Specific Expansion Factors – it is well understood that the new RIIO period will bring new SEF values – indeed this was witnessed in the move from RIIO1 to RIIO2. It is also well understood across the industry that the costs of finance are increasing. It would be reasonable to assume that this would affect network companies too.</p> <p>This said, we agree that there was not sufficient information made transparently available to allow developers to forecast the level of this change with a high degree of accuracy. Although if this is significantly different from other areas of TNUoS is open to debate.</p> <p>Steps should be taken to improve the transparency of the inputs to the TNUoS methodology as a whole, so developers are more able to forecast such charges in future. This also appears to be further justification for the need for allowing generators to be able to fix their TNUoS charges in advance (such as that proposed in CMP442) – something which must be delivered ahead of AR8 if costs to consumers are to be kept to a minimum.</p>				

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		<p>Objective D – CMP463 would be worse than the baseline. OFGEM expresses very effectively why such a proposal would be contrary to effective competition –</p> <p><i>‘...we consider that cost-reflectivity in charging arrangements supports competition by reflecting the differences in network costs driven by parties’ commercial choices, whereas a reduction (other than on the grounds of cost-reflectivity) could be distortive’ (OFGEM 2025).</i> CMP463 directly contradicts this principle.</p> <p>By its nature, this proposal would mean the charges relating to these network assets would not fully reflect the cost of finance or associated operating costs, making this proposal detrimental to competition.</p> <p>Objective E – CMP463 would be worse than the baseline. As above, we do not believe the proposed solution is appropriate as it would represent a step away from cost reflectivity – this would have distortive impacts on generators locational signals by under-valuing network assets.</p>
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Click or tap here to enter text.
3	Do you have any other comments?	N/a
4	Do you agree with the Proposer’s assessment that the modification does not	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	
		Click or tap here to enter text.