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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](mailto: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](mailto:usc.team@neso.energy)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Damian Clough	
<b>Company name:</b>	SSE Generation	
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<b>Phone number:</b>	N/A	
<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)	<input checked="" type="checkbox"/> <b>Non-Confidential</b> ( <i>this will be shared with industry and the Panel for further consideration</i> )
	<input type="checkbox"/> <b>Confidential</b> ( <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 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 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 type="checkbox"/> None	
<p>d) Positive: To be effective, any price signals must enable Users to usefully respond at the point of key investment decisions. This modification avoids material and unpredicted changes in Generation TNUoS charges that would undermine competition where there is significant variance in the effects between Generators without objective justification, where Generators could not have reasonably foreseen such changes.</p> <p>We do not say that charges should not ever change. The key point is that when charges change so late in the charge setting process, and cannot be usefully predicted or forecasted, they stop being price signals and start becoming punitive or windfalls. The magnitude of the change due to the defect, particularly on one User is detrimental to competition.</p> <p>The change itself whilst being unforecastable and unpredictable, is also in its very nature random, and skewed against certain Users or areas, and therefore negative for competition.</p> <p>Some Users may argue that this modification will increase costs. We argue that the modification will reset charges to what is forecasted and any benefit from the defect was a windfall and not</p>				

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		<p>expected. This should therefore not be detrimental, but in fact removes a pleasant bonus. The Demand Residual will increase due to this modification but as noted in the Consultation the magnitude of this change spread across all Demand Users is miniscule. The change itself was due to a windfall as opposed to something expected and forecasted.</p> <p>e) Positive: TThe modification in itself is not seeking to find the correct answer, but seek time, so that the correct answer can be found whilst not being detrimental to a subset of Users. It should be noted however that the current baseline, and the wide range of charge variances resultant of the change to the Specific Expansion factor cannot be cost-reflective since the costs of those specific already built assets have not changed. The new Specific Expansion Factors do not represent the actual costs of the schemes to which those factors are applied. By putting any change on hold therefore does feel more cost reflective than allowing the Baseline to continue. Importantly any permanent solution will be forecastable and predictable unlike the status quo.</p>
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes  <input type="checkbox"/> No
		<p>Yes, this is the opportunity window to make any change, and it's clear that the change must be made to next years TNUoS tariffs.</p>

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3	Do you have any other comments?	This modification aligns methodologies and treatment of circuits ahead of other future change. CMP353 sets a useful precedent for this change.
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  This does not alter Balancing Services. Yes it will change bid and offer prices, but if this argument is used then every modification raised would class as impacting upon EBR, which we clearly know has not been the case.