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Workgroup Consultation Response Proforma

CMP440: Re-introduction of Demand TNUoS locational signals by removal of the zero-price floor

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 **31 July 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 Robert.hughes3@neso.energy or cusc.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Karl Maryon	
Company name:	Drax Group plc	
Email address:	karl.maryon@drax.com	
Phone number:	075 1342 7447	
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 checked="" 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:

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(Please mark the relevant box)	<input checked="" type="checkbox"/> Non-Confidential (this <u>will be shared</u> with industry and the Panel for further consideration)
	<input type="checkbox"/> Confidential (this will be disclosed to the Authority in full but, unless specified, <u>will not be shared</u> 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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Means the Use of System Charging Objectives, as if references therein to the Use of System Charging Methodology were to the Connection Charging Methodology and in addition, the objective (where consistent with the other objectives) of facilitating competition in the carrying out of works for connection to the National Electricity Transmission System.

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.

Standard Workgroup Consultation questions			
1	Do you believe that the Original Proposal better facilitates the Applicable Objectives	Mark the Objectives which you believe the Original Solution better facilitates than the current baseline:	
		Original	<input type="checkbox"/> (d) <input type="checkbox"/> (e) <input type="checkbox"/> (f) <input type="checkbox"/> (g) <input type="checkbox"/> (h)

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	versus the current baseline?	<input checked="" type="checkbox"/> None
		<p>We do not believe this proposal better facilitates any of the Applicable CUSC Charging objectives. Specifically, the original proposal does not facilitate effective competition in the generation and supply of electricity. The Work Group's own analysis has shown that the original proposal would result in increases of 5% in TNUoS Demand charges in the South of the country and reductions of up to 80% in the North, all with very little notice. Customers on pass-through contracts would see this impact immediately on their bills, and customers on fixed contracts could face the potential reopening of their contracts which would expose them to these unexpected costs and result in a poor customer experience. For those suppliers who cannot pass-through these higher charges, they may face financial difficulty and ultimately be unable to absorb these costs which could result in supplier failures.</p>
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>We do not support the implementation approach for the proposal. Many Suppliers, including ourselves, have customers on fixed price contracts which can be up to 5 years in duration. It is difficult for Suppliers to cope with changes of this magnitude to third-party charges at such short notice. As shown with the analysis undertaken in the development of CUSC proposals CMP286 and CMP287, which looked to improve TNUoS Tariff predictability and stability, uncertainty in charges (particularly of this magnitude) will result in Suppliers</p>

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		having to increase the risk premia they price into their contracts.
3	Do you have any other comments?	Whilst we appreciate and understand the rationale for this proposal, we also note Ofgem's Open Letter (published 21 st July) on Reforming network charging signals to align with the Government's decision on REMA. We believe the principles of this modification proposal should be picked up in Ofgem's wider programme of charging reform work rather than be considered in isolation.
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 type="checkbox"/> Yes <input type="checkbox"/> No <div>N/A</div>
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 type="checkbox"/> Yes <input type="checkbox"/> No <div>N/A</div>

Specific Workgroup Consultation questions

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7	Do you agree that in negative price zones that the peak tariff element should be charged 4-7 pm all year? Should the year-round tariff be charged 4-7 all year or 24/7 all year round? Or do you believe that there is a different basis for doing this?	<input type="checkbox"/> Yes <input type="checkbox"/> No No comment
8	How negative can TNUoS charges be (in p/kWh) before they create a perverse incentive for users to consume, taking into account all other electricity costs? i.e. Is the charging period 4-7pm all year a sufficient duration over which to spread negative TNUoS charges?	<input type="checkbox"/> Yes <input type="checkbox"/> No No comment
9	Do you agree that the best approach is to use average consumer profiles to derive p/kWh negative TNUoS tariffs for demand, rather than a conservative approach to the locational incentive which assumes that consumption during the	<input type="checkbox"/> Yes <input type="checkbox"/> No No comment

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	charging period is the same as at triad?	
10	Should the charging periods in positive charging zones remain the same as the Baseline or be consistent with those proposed for negative charging zones?	<input type="checkbox"/> Yes <input type="checkbox"/> No No comment
11	What is your opinion regarding the scope of the modification proposal i.e. that there should be no change to the baseline basis of recovery of demand locationals for non-final demand?	<input type="checkbox"/> Yes <input type="checkbox"/> No No comment
12	Do you consider that the Workgroup Alternative Request described in this report has merit? If you do, please set out why believe this is the case. Please offer any views you may have on the other further ideas discussed at the Workgroup, if you wish.	<input type="checkbox"/> Yes <input type="checkbox"/> No No comment