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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](mailto: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](mailto:Robert.hughes3@neso.energy) or [cusc.team@neso.energy](mailto:cusc.team@neso.energy)

Respondent details	Please enter your details	
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<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 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)

☒ **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 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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*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 checked="" type="checkbox"/> (d) <input checked="" type="checkbox"/> (e) <input type="checkbox"/> (f) <input type="checkbox"/> (g) <input type="checkbox"/> (h)

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	versus the current baseline?	<input type="checkbox"/> None This proposal facilitates the effective competition and siting of demand through effective charging signals. This will promote more effective siting signals by removing an artificial barrier that was set during the Targeted Charging Review when a floor of zero was imposed. This will better facilitate CUSC Objective d). This change proposal is better than baseline in that it will reintroduce the TNUoS locational signal to those areas in which it would exist if it wasn't for the current methodology preventing this. This better reflects the costs incurred on the transmission network and is positive against CUSC Objective e)
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
3	Do you have any other comments?	<p>Ofgem published an Open Letter on the 21<sup>st</sup> July 2025 in which they wanted to explore providing stronger siting signals to demand projects (batteries and hydrogen electrolyzers). It would be worthwhile trying to identify how this modification will support this.</p> <p>Despite supporting this change proposal we believe there is scope for both the Original and proposed alternatives to go further and reintroduce this solution for all demand (final and non-final).</p>
4	Do you wish to raise a Workgroup Consultation	<input checked="" type="checkbox"/> Yes (the request form can be found in the <a href="#">Workgroup Consultation</a> Section) <input type="checkbox"/> No

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	Alternative Request for the Workgroup to consider?	As per the original solution except that the proposed alternative will include all demand, not just Final Demand, and apply this over a wider period. The proposal will therefore be that in negative price zones the peak tariff element should be charged on a 24/7 all year round basis for all demand.
5	Does the draft legal text satisfy the intent of the modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <a href="#">Click or tap here to enter text.</a>
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 <a href="#">Click or tap here to enter text.</a>

## Specific Workgroup Consultation questions

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 checked="" type="checkbox"/> No <p>We are broadly agnostic of the detailed solution as there is a balance between full cost reflectivity and simplicity to administer and understand the methodology.</p> <p>We agree that an appropriate solution can be for negative price zones to charge the peak tariff</p>
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		<p>element on a 24/7 all year round basis for all demand.</p> <p>As the Governments recent REMA decision has highlighted, there is a clear need to send the right locational signals to demand. To this end it doesn't seem appropriate to limit the solution only to Final Demand which would do nothing to incentivise assets, such as BESS, to locate in these areas that would benefit from it doing so.</p> <p>Our preferred solution is for all demand to be charged negative locational TNUoS on a 24/7 all year round basis for all demand.</p>
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?	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We do not see this as a yes or no question.</p> <p>Our view is that in negative price zones the peak tariff element should be charged on a 24/7 all year round basis for all demand to prevent any perverse incentive to consume over peak periods. However, we believe that other costs over the 4-7 pm peak periods mean that the incentive wouldn't exist, so this is unlikely to occur.</p>
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	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>It seems to be a reasonable assumption for all demand.</p>

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	consumption during the 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The incentive should remain, combined to incentivise demand reduction over the peak periods in positive charging zones.</p>
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 checked="" type="checkbox"/> No <p>As the Governments recent REMA decision has highlighted, there is a clear need to send the right locational signals to demand. To this end it doesn't seem appropriate to limit the solution only to Final Demand which would do nothing to incentivise assets, such as BESS, to locate in these areas that would benefit from it doing so.</p> <p>We would encourage and support an effective solution that allows for both final and non-final demand to be charged negative locational TNUoS on a 24/7 all year round basis. .</p>
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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>We believe that in negative price zones the peak tariff element should be charged on a 24/7 all year round basis, however we this should not just be for Final</p>

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	views you may have on the other further ideas discussed at the Workgroup, if you wish.	Demand as there is a clear need to send the right locational signals to all demand.
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