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Workgroup Consultation Response Proforma

CMP460: Improving Transmission Connection Asset Charging

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 **18 February 2026**. 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:	Aishwarya Harsure	
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Phone number:	07592____ 501076	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input checked="" 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*)

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☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the 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, (for consultation question 5) 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.

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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 versus the current baseline?	<p>Mark the Objectives which you believe the Original Solution better facilitates than the current baseline:</p> <p>Original <input type="checkbox"/>d <input type="checkbox"/>e <input type="checkbox"/>f <input type="checkbox"/>g <input type="checkbox"/>h <input checked="" type="checkbox"/>None</p> <p>Click or tap here to enter text.</p>
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/>Yes</p> <p><input checked="" type="checkbox"/>No</p> <p>NESO does not support the proposed implementation approach. The implementation date of 1 April 2027 doesn't appear feasible, as</p>

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		<p>the modification needs to be approved by Ofgem by 30th September 2026. This is in line with CMP292, under which any mod related to the charging methodologies that is to be implemented by the 1st of April of any given year has to be approved by 30th September of the year before. Given the scale of changes required under the Proposer’s option, NESO legal would need to do a thorough review of the relevant CUSC clauses within a very short timeframe.</p> <p>There is currently no explicit definition of “Infrastructure Asset” in the CUSC. Implementing the Proposer’s option would require creating a new definition of Infrastructure Asset, broadening the definition of “Transmission Connection Asset,” and introducing a new concept of “shareability”. In addition, the term Connection Asset appears 63 times in the charging methodology alone. Undertaking a thorough review of the proposer’s legal text when it is ready to avoid any overlooked unintended consequences will take more time than might seem to be allowed for.</p> <p>The proposed implementation period also overlaps with some upcoming reforms to transmission network charging under Reformed National Pricing. We understand that it could</p>
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		<p>include consideration of deeper transmission connection charging and how charges can support the Strategic Spatial Energy Plan and Centralised Strategic Network Plan. Ofgem has also previously indicated, in its July 2025 REMA update, that it is considering deeper transmission connection charging signals as part of wider market reform. Amidst all these expected reforms, we question whether it makes sense to propose and implement modifications that may be affected or require revision following upcoming policy reforms.</p> <p>The modification is likely to reach Ofgem ahead of the optimal decision timeframe i.e. before DESNZ and Ofgem have completed their wider reviews of connection-charging depth and the transmission and distribution boundary. Proceeding with CMP460 ahead of this policy risks reversal or re-work shortly after implementation.</p> <p>NESO believes it is important that any approach to connection-charging depth is consistent across both the transmission and distribution parts of the system. Implementing CMP460 ahead of wider policy reforms could lead to misalignment between the two regimes. In practice, this may encourage projects to choose one voltage level over another simply to</p>
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		<p>avoid charges, rather than on technical or economical grounds. This also risks distorting competition for generation. For these reasons, NESO does not support the implementation approach.</p>
3	Do you have any other comments?	<p>In cases where multiple embedded users trigger reinforcement, proportional cost-sharing arrangements used by some DNOs can create volatility, especially if Users withdraw, the remaining party is left to bear higher share of the cost substantial charges. We believe that ongoing DCP461 is considering solutions within the DCUSA framework that would address the issue, including the above-mentioned example more cleanly. As a result, these options avoid exposing directly connected transmission demand users to new costs that they neither trigger nor benefit from. We consider that the DCP461 options are more deliverable while wider strategic reforms are ongoing.</p> <p>In addition, we do not think the proposal's assumption that a sole DNO connection at a GSP should be treated as "potentially shareable" in the future is a strong enough basis for reclassifying these assets as Infrastructure. Doing so risks the definition being stretched to reach a particular charging outcome. The fact that an asset could theoretically be shared one</p>

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		<p>day doesn't mean it should be charged today as if it already is.</p> <p>It is also worth considering the interaction with a CUSC modification proposal CMP328. It looks at a very similar question of who pays when a user connecting in one part of the system triggers reinforcement in the other part, but from the opposite direction. CMP328 proposes that if a new transmission connected generator triggers reinforcement anywhere on the distribution network, even something as deep as 33 kV switchgear, then the generator should pay the DNO's costs. This applies a polluter pays principle i.e. "you trigger it, you pay for it".</p> <p>CMP460 by contrast, would move in the opposite direction by socialising costs triggered by embedded or DNO connected users through TDR, rather than charging the causer.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/> No</p> <p>NESO believes work underway within DCP461 provides a more operationally clean mechanism to address the issue within the DCUSA framework. It avoids introducing cross-boundary complexity or exposing</p>

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		transmission-connected users to new, unfounded costs.
5	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
		Click or tap here to enter text.

Specific Workgroup Consultation questions

6	Do you agree with the Proposer's view on when the new definition of Infrastructure Assets and Connection Assets should be applied to new and existing connection agreements, and therefore amend	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>NESO does not agree with the Proposer's approach to applying the new and revised asset definitions to contracted-but-not-yet-connected users. This would imply a need to update the existing contracts.</p> <p>NESO believes we should avoid retrospective application of modifications where possible,</p>

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	the connection charges in a User's agreement?	<p>meaning we should not re-open or update already-signed BCAs unless it is necessary. Re-opening existing agreements could disrupt the connections process and undermine predictability for projects that have already committed to their investment plans. This could further affect investor confidence.</p> <p>Applying new charging rules to Users who have already accepted offers may also alter their investment assumptions. Even where retrospectivity results in an unexpected benefit, it can still reduce confidence in the stability of the charging regime.</p>
7	Is moving the cost to Transmission Demand Residual (TDR) reasonable?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>NESO does not consider it reasonable to move these costs into the TDR. Reclassifying GSP/SGT reinforcement costs as Infrastructure would, in practice, shift almost all additional revenue recovery onto final demand (due to the statutory cap under EU Regulation 838/2010, which limits the extent to which generators contribute). This means directly connected transmission demand users- who do not pay DUoS and are not embedded customers - would be exposed to new charges for assets they neither trigger nor benefit from. This is</p>

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		<p>inconsistent with the principle of cost-reflectivity and would disadvantage a User group that has historically not been exposed to distribution-driven costs.</p> <p>Some DNOs recover these reinforcement costs through DUoS (mainly DDR), so distribution customers already pay some of these costs indirectly. By contrast, directly connected transmission Users do not pay DUoS, and have never paid DDR or any distribution driven GSP reinforcement costs.</p> <p>If CMP460 moves these costs into TDR, distribution customers might see DUoS go down while TDR goes up. Transmission connected Users would only see TDR go up, with no reduction anywhere else, because they don't pay DUoS. This means the change would not just shift money between parts of their bill, it will introduce a new cost they have never been exposed to before.</p> <p>Internal NESO analysis, shared in the Annex of the Workgroup Consultation indicated that such reclassification could increase TDR banded charges by around 7%. For households, this would lead to higher standing charges. With consumer affordability remaining a key policy concern, NESO does not consider this pressure</p>
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		<p>on residual demand charges to be in interests of end consumers.</p> <p>NESO believes that the more balanced approaches being explored under DCP461, including the high-cost caps could provide a cleaner and better targeted mechanism within the DCUSA framework. We believe that this issue is best resolved under the DCUSA framework.</p> <p>Finally, we think it is important to consider the interactions between CMP460 and CMP328. Both modifications look at the question of who should pay when reinforcement is triggered in another part of the network, but they approach this question from opposite directions.</p>
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