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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 cust.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 cust.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Emma McSharry	
Company name:	Exagen	
Email address:	Emma@exagen.co.uk	
Phone number:	07717531631	
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)

☒ **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 Panel or the industry for further consideration)

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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 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;*

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- 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 Workgroup Consultation questions				
1	Do you believe that the Original Proposal better facilitates the Applicable Objectives versus the current baseline?	Mark the Objectives which you believe the Original Solution better facilitates than the current baseline:		
		<table border="1"> <tr> <td>Original</td> <td> <input checked="" type="checkbox"/>d <input type="checkbox"/>e <input type="checkbox"/>f <input type="checkbox"/>g <input type="checkbox"/>h <input type="checkbox"/>None </td> </tr> </table>	Original	<input checked="" type="checkbox"/> d <input type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input type="checkbox"/> h <input type="checkbox"/> None
		Original	<input checked="" type="checkbox"/> d <input type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input type="checkbox"/> h <input type="checkbox"/> None	
<p>The Energy Transition requires renewables to be spread across the transmission and distribution systems, and it is therefore key that there is parity.</p> <p>A generation customer connecting at transmission would have One-Off charges for sole use assets and any shared assets would be socialised through TNUOS. By classifying Transmission Assets (triggered by distribution customers) as Infrastructure Assets this proposal will better facilitate the competition in the sale, distribution and purchase of electricity by allowing distribution customers to be more clearly distributing the benefits that reinforcement works have on the system.</p> <p>Demand customers who benefit from works that generation customers have triggered will no longer be exempt from contributing financially to those works as the works will now be reclaimed via TNUoS instead of one-off contributions by the generator.</p> <p>Similarly, smaller generation projects will not be held back by the prohibitive upfront costs of TCA works as some of this will now be spread to all customers as it would be for Infrastructure Assets. This means more generation could</p>				

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		connect increasing the competition to deliver low cost, high value projects.
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		We believe the recently announced delay to the Gate 2 offers means there is significant benefit to progress the modification as quickly as possible.
3	Do you have any other comments?	<p>It is important that this reform is made quickly and can be applied to existing projects. We are deeply concerned that as 'zombie' projects are removed from the queue, then the 'ready and needed' Gate 2 projects will be allocated new, unknown costs. For many good projects this could result in them becoming unviable, and being aborted, putting the CP30 goals in jeopardy.</p> <p>It is critical that investors are aware that they will only be required to shoulder the 'fair' amount of costs for their site at the point that they are receiving their Gate 2 offers, from Q1 2026 onwards.</p>
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
		Click or tap here to enter text.

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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.
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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 the connection charges in a User's agreement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The new definition of Infrastructure Assets and Connection Assets under CMP460 should apply for new connection agreements, with carefully defined treatment for contracted but not yet connected Users, and no retrospective application to already connected Users. This in our view avoids the prospect of indefinite avoidance of charging changes while protecting legitimate cases of sunk cost investment. The removal of projects by the CP2030 reforms will already impact the connection charges in a prospective User's agreement, in many cases detrimentally. There is a strong concern that costs previously allocated to now removed projects will be placed onto the ready projects progressing. This change to Infrastructure and Connection Asset definitions
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		<p>means these costs will be borne by <u>all</u> parties that benefit from them. Bringing all embedded projects within scope under CMP460 supports consistency across distribution, generation, and demand customers.</p> <p>The socialisation of the costs will mean that demand customers no longer benefit without contribution. This is especially important given the huge rise in Demand applications seen recently.</p> <p>The new definition also allows greater investor confidence that the costs associated with connection are fair and correctly apportioned. In a time of significantly industry turmoil; reduced financial risk for embedded customers is welcomed.</p>
7	Is moving the cost to Transmission Demand Residual (TDR) reasonable?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Moving the cost of eligible Connection Assets to the Transmission Demand Residual (TDR) is reasonable and proportionate, provided the assets being reclassified are genuinely shareable or provide wider system benefit. Continuing to recover costs solely through upfront, user-specific charges is not reflective of assets that have wider, enduring value to the Transmission network.</p> <p>Where shared system capability is provided, the costs of the Infrastructure Assets providing the capability is socialised. Extending this principle to other assets that are demonstrably shareable ensures greater consistency and transparency in cost allocation.</p>

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		<p>Upfront lump sum recovery of Connection Asset costs can create significant barriers to entry, particularly in the ongoing period of accelerated network build to support the CP2030 plan. Socialising the cost over the lifetime of the asset reduces capital intensity at the point of connection and supports investment. Where assets contribute to long term network capacity, it should be that their costs are spread across the consumers who benefit over time, rather than borne entirely by the first connecting user.</p> <p>The impact assessment indicates an increase in domestic TDR of approximately £0.10 per year in 2027–28, rising to around £2.30 per year by 2040–41 (excluding inflation). In the context of total annual electricity bills and wider network investment requirements, this represents a modest adjustment. Moreover, the modelling is based on existing pre Gate 2 connection agreements; with queue reform expected to remove a substantial volume of speculative capacity, the eventual capital expenditure on Connection Assets may be lower than currently assumed.</p>
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