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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:	Meghan Hughes	
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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 type="checkbox"/> System Operator <input checked="" 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:
		<div>Original</div> <div> <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 </div>
		<p>We do not consider that the Original Proposal better facilitates the Applicable CUSC Charging Objectives better than the current baseline.</p> <p>While we note the Proposer's view that Option 1 performs positively against Objectives d) (effective competition) and h) (efficient administration), and neutrally against the remaining objectives, we do not share this assessment. In our view, Option 1 introduces material uncertainty around Transmission Owner cost recovery due to its increased reliance on volume-driver mechanisms. This uncertainty may prompt regulatory intervention to mitigate bill impacts on end consumers, which in turn reduces predictability for Users and could give rise to unintended cross-subsidies across the wider demand base.</p> <p>Furthermore, Option 1 moves away from cost-reflective charging, weakening the link between Users and the assets they utilise. This is inconsistent with the principles underpinning Objective e) and may inhibit efficient long-term investment and operational decision-making. We therefore do not consider that the Original Proposal better facilitates any of the Applicable CUSC Objectives when compared to the baseline.</p>

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2	Do you support the proposed implementation approach?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>We do not support the proposed implementation approach, as it is directly linked to the adoption of the Original Proposal (Option 1 – Full Socialisation), which we do not support. While we recognise the value of clarifying the definitions of Infrastructure Assets, Connection Assets and Shared Connection Assets, the associated charging approach under Option 1 introduces uncertainty around TO cost recovery and may lead to unintended cross-subsidy effects across the wider demand base.</p> <p>In our view, a proportionate and workable implementation approach would need to accompany a more balanced charging option—such as Option 2—where impacts are clearer, cost-reflective principles are better maintained, and the arrangements remain predictable for Users. We would welcome further engagement as the Workgroup continues to consider alternative or hybrid approaches.</p>
3	Do you have any other comments?	<p>We are supportive of the intent behind CMP460 to provide clearer and more consistent classification of multi-user Transmission Connection Assets through the introduction of the Shared Connection Asset definition. This clarification is timely and helpful, particularly given the increasing prevalence of shared-connection arrangements under Connections Reform.</p>

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		<p>However, although we recognise the rationale presented by the Proposer, we do not agree that the Original Proposal (Option 1 – Full Socialisation) better facilitates the Applicable CUSC Charging Objectives. As noted in our response to Question 1, Option 1 introduces uncertainty around Transmission Owner cost recovery, may dilute cost-reflective charging signals, and could result in unintended cross-subsidy impacts across the wider demand base. These issues may, in turn, reduce predictability for Users and increase the potential for regulatory intervention to mitigate consumer bill impacts.</p> <p>In this context, we consider Option 2 (costs shared among current users) to represent a more proportionate, predictable and practicable basis for allocating Shared Connection Asset costs, at least at this stage of industry development. Option 2 maintains a clearer relationship between Users and the assets they utilise, while avoiding much of the volatility and complexity associated with both full socialisation and more administratively complex approaches.</p> <p>However, we note that careful consideration is required around how Option 2 would be implemented in practice. Introducing a shared-connection asset category funded by connecting Users risks creating grey areas in asset classification – particularly around where the delineation between Shared TCA and traditional TCA should sit. For example, it is unclear whether the existing boundary at the HV point of isolation or double-busbar arrangement would continue to define the limit of TCA. Clear and unambiguous definitions of “Shared TCA” are therefore essential to</p>
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		<p>avoid ambiguity or inconsistency in charging arrangements</p> <p>We would welcome continued Workgroup engagement as further analysis is undertaken, and we remain open to considering any refined or hybrid option that may emerge through ongoing discussion</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>We do not wish to raise an Alternative at this stage. While we do not support the Original Proposal, we recognise that other options remain under consideration and further analysis is required before a fully formed Alternative can be developed. At this point, the relative impacts, practicalities and interactions between the options have not been sufficiently tested to justify proposing a distinct alternative solution.</p> <p>We consider it more appropriate to allow the Workgroup process to continue assessing the available options, and we remain open to engaging constructively should a more refined or hybrid approach emerge through ongoing discussion.</p>
5	Do you agree with the Workgroup's assessment that the modification does not	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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	<p>impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?</p>	<p>We agree that CMP460 does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions. The modification concerns the classification of multi-user Transmission Connection Assets and the allocation of associated connection charges, which sit entirely outside the scope of balancing service procurement, settlement or market participation arrangements governed under Article 18.</p> <p>As such, we are satisfied that no interaction arises between the proposed changes and the EBR framework.</p>
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Specific Workgroup Consultation questions

6	<p>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?</p>	<p><input checked="" type="checkbox"/> Yes (for application of definitions)</p> <p><input type="checkbox"/> No (for associated charging changes)</p>
		<p>We agree with the principle that the updated definitions of Infrastructure Assets, Connection Assets and Shared Connection Assets should apply to new agreements, as this provides a clear and consistent framework for future connections.</p> <p>However, we believe significant caution is required when considering whether these definitional updates should apply to existing agreements at the point of contractual variation. While applying new definitions on variation may appear proportionate in principle, in practice it could have material and potentially detrimental impacts on Users whose</p>

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		<p>original connection arrangements did not require funding certain assets. Reclassifying these assets under updated definitions could result in a substantial increase in direct, recoverable costs for existing projects, potentially undermining their viability and increasing the risk of disputes being raised with Ofgem if previously economic projects become uneconomic.</p> <p>Given these risks, we do not support advocating for definitional changes to automatically flow through to existing agreements without a clear, consistently applied framework that protects Users from retrospective cost exposure.</p> <p>Furthermore, while we support the definitional clarity in principle, our agreement does not extend to the associated charging changes proposed under Option 1. As set out in earlier responses, the Proposer's approach introduces uncertainty around cost recovery, weakens cost-reflectivity, and could drive unintended cross-subsidies across the demand base. For these reasons, our support is strictly limited to the concept of updating definitions, and not to the charging treatment proposed alongside them.</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>We do not consider the movement of Shared Connection Asset costs to the Transmission Demand Residual (TDR) to be reasonable. While we recognise the intention to simplify the recovery of costs, allocating asset-specific connection charges</p>

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		<p>through the TDR would represent a significant shift away from cost-reflective principles by socialising these costs across the wider demand base. This approach introduces uncertainty around Transmission Owner cost recovery, increases the potential for cross-subsidy between Users who do and do not benefit from the assets, and may heighten the likelihood of regulatory intervention to mitigate wider bill impacts.</p> <p>In our view, approaches that maintain a clearer relationship between Users and the assets they directly utilise – such as allocating costs among current users—are more proportionate and predictable. For these reasons, we do not support moving these costs to the TDR.</p>
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