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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:	Damian Clough	
Company name:	SSE Generation	
Email address:	Damian.Clough@sse.com	
Phone number:	N/A	
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 checked="" 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 checked="" 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 checked="" type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input type="checkbox"/> h <input type="checkbox"/> None	
<p>Under the current Baseline, a distribution-connectee who triggers upgrades at transmission level (in particular, at GSPs which are not currently categorised as 'infrastructure assets') _may be left with a significant upfront cost for 'Transmission Assets' which may then be utilised by a number of other Users in later years. The various Connection registers show that there is a vast amount of connections required in the coming years, both for Generation and Demand Users, as well significant increases in forecast demand use due to electrification. Therefore, it is reasonable to expect that future NETS reinforcement and increased capacity will be shared and used by multiple Users. For one distribution connectee to pay for this purely due to being the User who triggers the work at certain types of GSP (those that are not 'Infrastructure Assets') is harmful to competition as they will bear a cost other Users do not whilst utilising the same assets. Removing that cost burden or making it at least proportional is beneficial to competition so is positive for Objective D. It is also positive for Objective E as potentially applying the costs all on one User is not cost reflective. Even more so when other Users have significantly less costs applied.</p>				

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2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>There is potential with the future Reformed National Pricing work that there is large overlap of work with this Modification. However, this is a near term issue. There may be merit in removing the significant defect which is that a particular current user is charged for assets, whilst other Users are not for Connection assets, whilst accepting that RNP will deliver the long term solution; i.e. a pragmatic short term approach. This would be delivered by making everything be classed as Infrastructure. It is imperative that a level playing field is maintained between all Generators irrespective of the voltage that they connect at. We are therefore mindful that there needs to be at some point a check made that this is still the case. RNP may change the connection boundary. What we do not want to happen is for there to be a large differential in costs between Generators in both Dx and Tx based purely on their connection date, which bear no resemblance to the actual costs (proportionally) they impose on the System at the time of their connection and in future years.</p>
3	Do you have any other comments?	<p>Option 1 shuts down any work done via DCP461 to deliver a solution which makes Connection Charging more cost reflective.</p> <p>For Governance reasons it would be sensible to provide Ofgem with a suite of potential solutions which allows this overall package of work to be assessed. We therefore are in support of all three</p>

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		<p>options being taken forward, even though we favour Option 1 but a hybrid version of this Option</p> <p>Direct transmission Connects pay a Local Substation charge whereas distribution connectees which connect to an 'infrastructure' GSP and use similar assets can potentially piggy back on assets being classed as Infrastructure and get a free ride. There may be merit in Direct Connections to the GSP other than the DNO paying something akin to the Local Substation charge or something proportional to maintain a level playing field with all Users who utilise Transmission Assets (be that Local or Wider). A major defect is that Connection Charges are paid up front and in totality by the first User all at once. To align with Tx Charges there is a solution which could create a charge where costs are spread over the lifetime of asset and are paid proportionally. So for an asset with a 40 year life and a capacity of 500MW a User with a Capacity of 300MW pays 60% of $1/40^{\text{th}}$ the cost each year (please note this is over simplified). Another potential alternative could be that the specific assets which are currently in the defect for CMP460 are classed as Infrastructure for the time being until RNP is finalised and we know what charges will look like for Tx Connected Generators. If this takes 3 years then if a solution is made to align Connection and Wider charges etc to create a level playing field $3/40$'s of the costs will have already been paid and deducted. The big challenge is to remove the obvious defect which currently exists of one User paying all the costs, whilst maintaining a level playing field, whilst also taking into account that the goalposts may move at a later date. Classing temporarily as Infrastructure</p>
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		<p>buys time. Users can forecast as part of their Investment, that assets may not be permanently socialised, but at the same time the risk of paying up front and for all of the reinforcement is permanently removed. The likelihood is that right answer lies somewhere in the middle. With limited capacity and large connection queues it is important that there is an element of cost reflectivity and locational signals maintained so the strongest schemes connect as opposed to those who have an earlier connection date.</p> <p>This view is consistent with our response as part of DCP461 "On a separate note, we think it may be helpful if distribution level connectees could spread paying the transmission upgrade costs over the lifetime of the asset instead of upfront in full, as per the cost spreading option which is already available to transmission connectees. This would better align distribution practices with transmission practices. This could a) help soften the financial impact on projects and b) could allow for adjustments of the connectees' charges as and when other users come on board who can be asked to make a retrospective contribution to the first comer's upgrade costs"</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>No, but in our other comments as part of Question 3 we have mentioned a potential way ahead and things the workgroup should consider as part of this. Yes we want to solve the defect but in a way which creates a level playing field and doesn't create and</p>

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		permanently embed winners and losers. Inefficiencies ultimately cost the end consumer
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 Yes, and this would be consistent with other CUSC mods.

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 Without doing this this proposal will be heavily affecting competition. Users should face similar costs based on Usage etc, not on a connection date.
7	Is moving the cost to Transmission Demand Residual (TDR) reasonable?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Yes, but more as a short term holding decision so as to remove the significant defect which is all costs

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		being charged to one distribution connectee. . It is our understanding that Option 1 would make DCP461 obsolete.
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