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Workgroup Consultation Response Proforma

CMP445: Pro-rating first year TNUoS for Generators

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 **22 August 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 cusc.team@neso.energy.

Respondent details	Please enter your details	
Respondent name:	Chiamaka Nwajagu	
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Email address:	chinw@orsted.com	
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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 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

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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 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*;*

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- 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.*

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.

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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 and/or any potential alternatives better facilitate the Applicable Objectives versus the current baseline?	Mark the Objectives which you believe each solution better facilitates than the current baseline:	
		Original	<input checked="" type="checkbox"/> (d) <input checked="" type="checkbox"/> (e) <input checked="" type="checkbox"/> (f) <input type="checkbox"/> (g) <input type="checkbox"/> (h) <input type="checkbox"/> None
		WACM1	<input 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>We agree that the current TNUoS charging approach, where a new generator is charged the full annual TNUoS amount in its first year regardless of when it connects, is inappropriate. Generators should not be liable for TNUoS charges during periods when they are not yet connected to the transmission system. This issue is particularly pronounced when delays to the connecting to the system arise from factors beyond a generator's control, yet full year TNUoS charges are still applied.</p> <p>We therefore agree in principle that, in the first charging year, TNUoS should be payable only from the generator's actual charging date, not for the full charging year in which that date falls.</p> <p>This change would correct the identified flaw in the current methodology and will better align charges with the reality of when new generators begin to use the system. It will improve cost reflectivity, and</p>	

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		better support fair competition by ensuring newly connecting generators pay only for the period they are actually connected during their first charging year.
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?	Click or tap here to enter text.
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.
5	Does the draft legal text satisfy the intent of the modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.
6	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.

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	Article 18 terms and conditions held within the Code?	
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Specific Workgroup Consultation questions

7	In negative charging zones, Generators receive credits based on output from November to February, unlike the TEC-based approach used in positive charging zones. The Workgroup propose that the prorating should be applied equally to all zones without distinction between positive or negatively charged zones. Do you agree? Please explain your rationale.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>We neither agree nor disagree with the proposal as currently framed. While we support the principle that prorating should apply across all TNUoS generation zones, whether subject to positive or negative charges, we do not agree it should be applied in the same way for both.</p> <p>Given that different methodologies are used for calculating charges in positive and negative zones, the approach to prorating should reflect those differences. Specifically, negative charges should be prorated based on actual output from November to February, rather than using the TEC-based approach applied in positive charge zones. Applying a TEC-based approach, as used in positive zones, would not align with the intended purpose of negative charges.</p> <p>Maintaining this distinction ensures consistency and preserves the rationale behind the negative charge design, which is to reflect the contribution of these generators to reducing</p>
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		system peak demand during critical winter months.
8	Do you have any views on the specific calculation proposed for prorating charges? Please provide your views.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>It would be helpful to clarify how the specific calculation for prorated charges will be reflected in invoices issued to generators. Currently, invoices set out the charges generators are liable for on a monthly basis. For simplicity and consistency, this format should be retained, with the prorated charges incorporated accordingly.</p> <p>Maintaining this approach also ensures alignment with how charges are presented in subsequent charging years beyond the first year.</p>
9	Do you agree that a similar solution should be applied to operational users who permanently reduce their TEC, such as when decommissioning capacity or closing a generating station (or phase of a generating station)? please explain your rationale.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>We understand the rationale behind applying the prorating approach to parties who permanently reduce their TEC. While we agree that this could encourage the timely release of network capacity, it could also have unintended consequences. It may be counterproductive by incentivising earlier than necessary retirement or closure of generation capacity, including in negative charging zones that provide valuable system benefits.</p>

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		Therefore, we cannot definitively conclude that applying prorating at the end of the generation/operational cycle is necessarily an improvement over the current baseline. Further assessment of potential unintended consequences may be needed.
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