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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:	Hector Perez	
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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 checked="" 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
		WACMI	<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
		<p>Both the Original and WACMI better facilitate ACOs d, e and f, while they remain neutral for g and h.</p> <p>Objective d: Positive</p> <p>By not being subject to a full TNUoS charge in their first year of connection, there is fairer competition between generators. The proposal prevents against existing market distortions where generators receiving credits receive a full year and generators paying charges for the full year are not in fair competition.</p> <p>Objective e: Positive</p> <p>System charges should apply from the moment a generator gains access and uses the transmission system. Charges or credits considering that milestone would enhance cost reflectivity, allowing</p>	

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		<p>fair recovery of the costs incurred to provide the capacity to the generator.</p> <p>Objective f: Positive</p> <p>Projects can get behind on schedule due to a delay in the connection by the TO or other force majeure events. Both the Original and WACMI would ensure that this is reflected in the charges/credits generators get from the moment they are connected and use the system, reducing further economic impact from this delay and incentivising TOs to connect faster.</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>By taking in to account the connection date, both the Original and WACMI would reduce financial barriers and incentivise efficiency on the connections process, while reducing the risk of under/over recovery and simplifying the revenue reconciliation approach.</p> <p>Furthermore, WACMI has the potential of aiding in releasing TEC and making sure generators are not overcharged when decommissioning their assets.</p>
3	Do you have any other comments?	<p>We believe that with an aging fleet and in light of CP2030, it's important to consider how repowering might be impacted by this and if it should be considered within the legal text.</p>

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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 <u>Workgroup Consultation</u> Section) <input checked="" type="checkbox"/> No N/A
5	Does the draft legal text satisfy the intent of the modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The legal text is straightforward, delivering the intent of the modification. The proposal results in a more cost reflective process for NESO and generators who wish to know their charges, while also bringing more certainty to their investment decisions.
6	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

7		<input checked="" type="checkbox"/> Yes
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	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"/> No We believe the pro-rata approach should be consistent across different zones, independent of it being a positive or negative one. There is greater certainty if generators know that they will get charged/credited from the moment they use the transmission system.
8	Do you have any views on the specific calculation proposed for prorating charges? Please provide your views.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No. By pro-rating the TNUoS charges using the number of days from the moment a generator is connecting or decommissioning on a financial year, the calculation is simplified, reducing the burden of complex process for reconciliation.
9	Do you agree that a similar solution should be applied to operational users who permanently reduce	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No We support an approach where the decommissioning scenario is considered as

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	their TEC, such as when decommissioning capacity or closing a generating station (or phase of a generating station)? please explain your rationale.	WACMI proposes, making sure generators are not overcharged at the start or end of a project's life.
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