Public

Transmission Charging Methodologies Forum and CUSC Issues Steering Group

2 April 2026

NESO
National Energy System Operator

Agenda

1	Introduction, meeting objectives and review of previous actions - Dan Arrowsmith, NESO	10:00 - 10:10
2	NESO sharing Original Red Line Boundary (ORLB) with DNOs - Muki Liu, NESO	10:10 – 10:30
3	Connection Date Variation Process Ahead of CMP434 Gated Application Window – Matthew Dowds, Muirhall Energy Limited	10:30 – 10:55
4	Issue updated appendices with Gate 2 Offers where connection date delayed by network company - Andrew Allan, RWE	10:55 – 11:15
5	Update Of HVDC guidance on how to Model TNUoS Tariffs with the Sealink HVDC– Alan Fradley, NESO	11:15 – 11:35
6	Code Administrator update - Catia Gomes, Code Administrator NESO	11:35 – 11:45
7	AOB and Meeting Close - Dan Arrowsmith, NESO	11:45– 12:15

TCMF Objective and Expectations

Objective
Develop ideas, understand impacts to industry and modification content discussion, related to the Charging and Connection matters.
Anyone can bring an agenda item (not just the NESO!).

Expectations
Explain acronyms and context of the update or change.
Be respectful of each other's opinions and polite when providing feedback and asking questions
Contribute to the discussion
Language and Conduct to be consistent with the values of equality and diversity
Keep to agreed scope

Review of previous actions

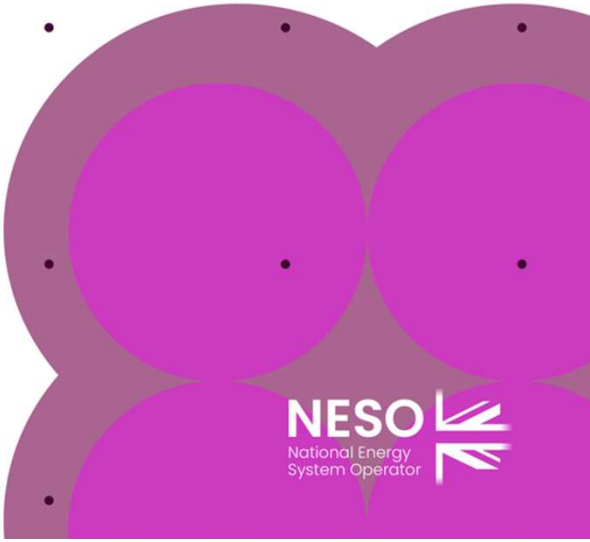
ID	Month	Description	Owner	Notes	Target Date	Status
24-12	July	Post implementation analysis of CMP376: Inclusion of Queue Management process within the CUSC.	DA	NESO will reopen this action in April 2025, as that will be 12 months after CMP376 was included in contract terms.	Pending formed queue	On Hold
24-14	October	Data post CMP376 implementation on the TEC register around projects moving forward, backward or staying the same.	DA		Pending formed queue	On Hold
24-15	May	Consider how to report meaningful connections data following the recent 'Pause' in connections reform activity.	JS	Whilst there is a pause in the new connection data being shared at TCMF, JS to consider how data can be made more accessible to Industry	Pending formed queue	On Hold

Review of previous actions

ID	Month	Description	Owner	Notes	Target Date	Status
24-17	Nov	Updates on the storage subgroup.	SD	NESO to provide terms of reference and updates from the subgroup	Update provided at last months TCMF	Ongoing
24-18	Nov	Overview on national pricing and market reform developments	Ofgem	Ofgem to arrange for an overview presentation on national pricing and market reform developments at TCMF. Update to provide details on process and timeline to be followed.	TBC – Ofgem to confirm timing	Ongoing

NESO sharing Original Red Line Boundary (ORLB) with DNOs

Muki Liu, NESO



Contents

Context and problem statement

If Large Embedded Generators (LEGs) want a G2 offer from NESO

Large Embedded Generators submit Red Line Boundary (RLB) to secure a valid Distribution contract with DNOs

LEGs submit Original Red Line Boundary (ORLB) as part of G2 application to NESO

Any changes to LEGs ORLB could impact the Dx contract validity (a valid Dx contract is required for LEGs to apply for G2)

Current situation

1. CUSC doesn't specify NESO can share LEG ORLB with DNOs without customer consent
- Some boundary changes would make a Dx contract invalid

Problem statement:

- NESO might still take LEGs to the next phase when their Dx contracts are no longer valid, creating unnecessary work at the Network Design stage.

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Proposed solution and next steps

Solution

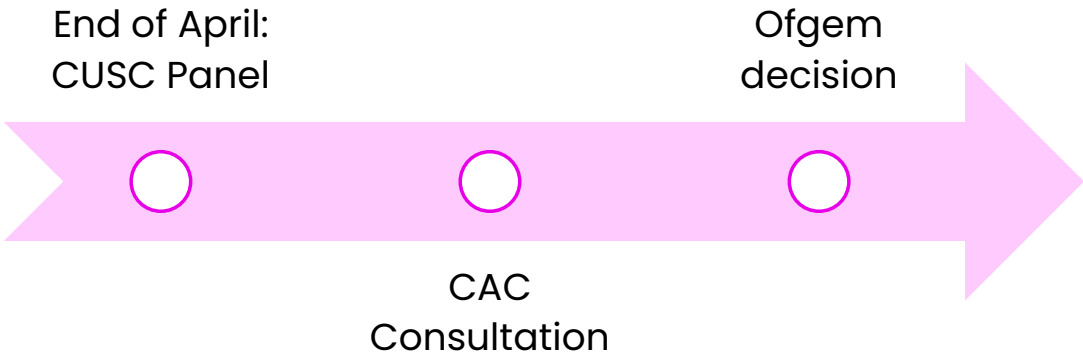
Propose a new clause in CUSC to allow DNOs to receive ORLB submitted by LEG to NESO without the need for customer consent.

→ *The new clause doesn't conflict with any existing CUSC clauses.*

→ *Invalid Dx contract can be detected early, avoiding taking ineligible LEGs to the Network Design stage*

Next steps

We will ask for CUSC panel support in taking the proposal directly to CAC consultation, without Working Group sessions.



Connection Date Variation Process Ahead of CMP434 Gated Application Window

CUSC Modification Proposal - April 2026

(1) Defect and Objective

Reason for Change

- ~30-month freeze (until post-April 2027) prevents Users from updating connection dates, causing growing misalignment with evolving projects.
- Increased exposure to outdated and disproportionate cost liabilities (e.g. capital contributions, security).
- Increased risk of non-acceptance of Gate 2 Offers.

Defect

- Lack of an interim mechanism to reflect changes in project timelines.
- Framework results in inefficient contract management and avoidable administrative burden.
- Users face cost risks and reduced certainty due to inability to align contracts with current project status.

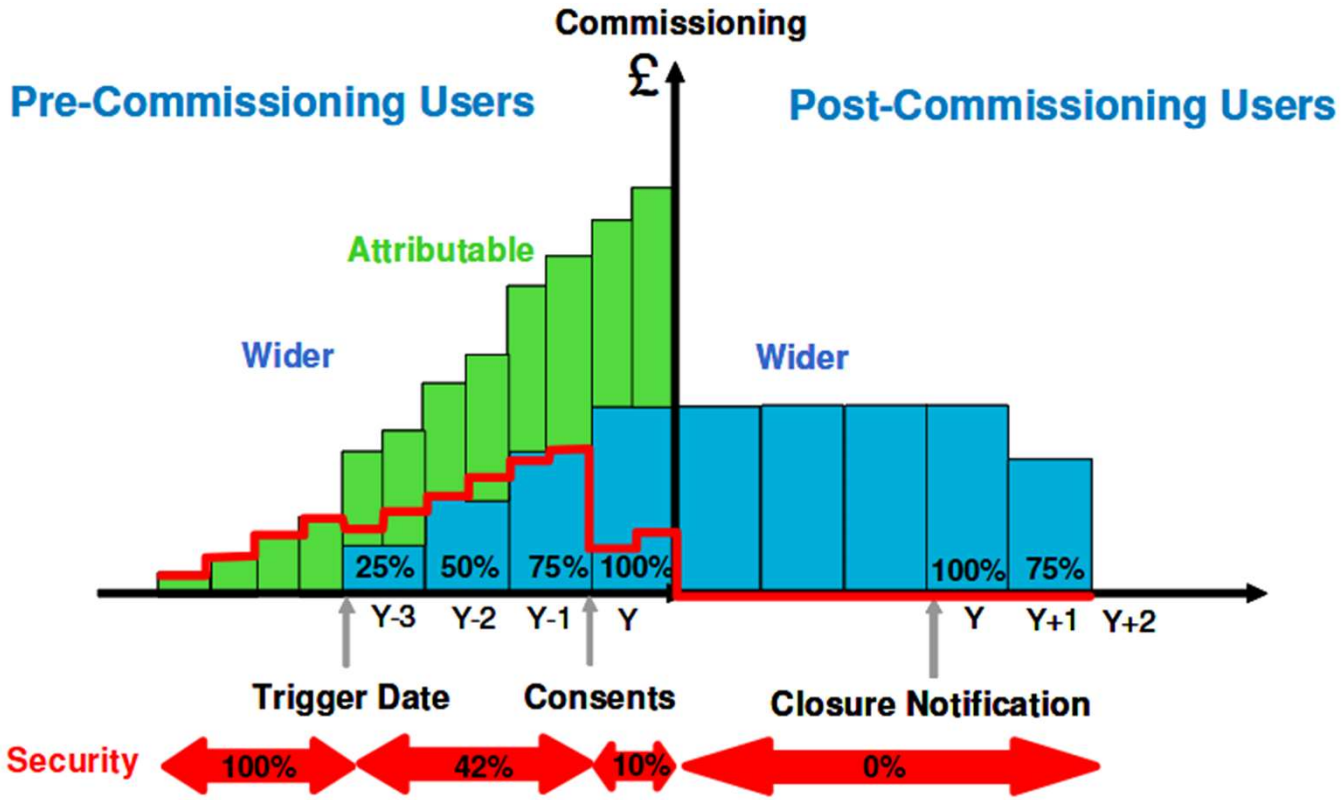
Objective

- Introduce a targeted, interim mechanism to allow connection date delays, improving alignment and reducing avoidable cost and risk.

(2) Challenges facing Impacted Parties

- There is industry support for expanding the allowable changes to include a ‘Connection Date Delay’ option. This modification is expected to benefit both Transmission Owners/NESO and Users.
- Transmission Owners/NESO
  - Ofgem has noted that 62% of protected 2026/27 projects are affected by ‘network-driven’ connection date delays.
  - Transmission Owners/NESO have stated that they have ‘regulatory reporting requirements and a statutory duty’ to provide Users with the earliest possible connection date, even where the site would operate under severe export restrictions. This approach places connections at risk.
- Users
  - Although 62% of 2026/27 projects are required to be delayed, Users continue to pay Capital Contributions based on profiles that do not reflect actual project programmes. It is expected that many projects between 2027 and 2030 will also face unnecessary payment requests.
  - The next trigger date is 1st April 2027, and there is currently no mechanism for Users to avoid this, which will increase their liability risk. This risk was not anticipated before the Connections Reform began, as it was expected that the first CMP434 window would open beforehand. However, delays in Connections Reform have prevented this.
  - Once a User reaches a liability year, they cannot revert to a previous period, resulting in higher cancellation charges.

(2.1) Illustration of Fixed Liability Profile



(3) Proposed Solution

- Users have welcomed NESO's recent decision to permit the following contractual changes to a Gate 2 offer:
  - Request a decrease of CEC, TEC, Developer Capacity, Demand MW or Installed Capacity
  - Remove a tech type
  - Novation
  - Address details or admin changes
  - Terminate
- This modification would expand the scope of allowable variations to include a 'Connection Date Delay' option. It introduces a limited, time-bound contract variation process before the first CMP434 Gate window by amending CUSC Sections 17 and 18.
- The variation process would either follow the same procedures already in place for existing allowable variations or be implemented through agreed mechanisms (e.g. modification, agreement to vary, or waiver).
- Eligibility would be restricted to Users expected to receive a Gate 2 Offer.
- This approach provides a targeted interim solution that improves alignment while minimising network planning impacts, as it only permits delay requests.

(4) Governance Route and Timeline

- This proposal seeks the Urgent modification governance route due to potentially significant and imminent commercial impacts. The key drivers are:
  - Users risk entering the first CMP434 Gate window with misaligned contractual positions.
  - Misalignment could result in inefficient Gate 2 outcomes or even the rejection of offers.
  - The absence of pre-window connection date amendments creates a critical timing constraint and a missed opportunity for adjustments.
  - Delays would increase inefficiencies, raise cost exposure, and reduce the effectiveness of the Gate 2 process.
- Users would benefit from the immediate implementation of this modification, allowing capital contribution timelines to be revised. The backstop date for implementation is September, ensuring that Users can amend their contracts before the 1st April 2027 trigger period and avoid incurring unnecessary additional liabilities.

Issue updated appendices with Gate 2 Offers where connection date delayed by network company

Andrew Allan

TCMF 2nd April 2026

Significant errors, and missing information in Gate 2 Offers

Focus scenario: connection date delay by Network Company

- RWE has received Gate 2 Offers which we do not consider sufficiently accurate or robust to be able to accept and sign.
  - eg. missing appendices, charging appendices not updated reflecting new date
- We have heard differing messages as to NESO's intentions as to what, when and how Existing Agreements would/should be updated and Gate 2 Offers issued.
- **Are other parties observing similar issues/concerns?**

- RWE had understood that under CUSC 18.14.2, and 18.14.2.3 in particular, NESO should be fully updating and restating all sections of the connection and construction agreements ("Existing Agreement") where there are necessary consequential changes as a result of the TO delaying the connection date (a change to the "Construction Programme").

CUSC Mod proposal

The purpose of this modification, if deemed necessary, would be to – for the avoidance of doubt – explicitly require NESO to update and reissue all sections and appendices of connection and construction agreements which require consequential changes following the TO delaying the connection date relative to the relevant contract date, as was in Dec 2025, for entering the Gate 2 to Whole Queue process.

The modification could insert a statement in either CUSC 16 or 18.

Contact: **andrew.allan@rwe.com**

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Update Of HVDC guidance on how to Model TNUoS Tariffs with the Sealink HVDC

Alan Fradley, NESO

Sea Link HVDC Circuit

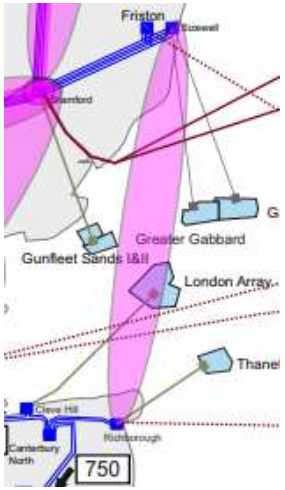
Summary

- The Sea Link HVDC circuit is designed & expected to be bi-directional, so power could flow in either direction.
- Sea Link Circuit circumvents a number of boundary constraints with these dependent on the power flow circuit direction within the T&T.
- T&T can only model based on one flow direction.
- Based on recent Power flow study, power is expected to flow pre-dominantly from North to South (Sizewell to Richborough).

Proposal

- For tariff setting purposes, it is proposed that for Sea Link the direction will be set to flow North to South – in line with the expected dominant flow. This will be used for TNUoS Tariff calculations.
- No CUSC modification is required.
- Sea Link Tariff Calculation proposal will be added to the HVDC guidance document (HVDC Guidance) because of it's bi-directional design.
- The 5-year View + Projection of Additional Years (September) will calculate TNUoS Tariffs using this proposal.

Sea Link Circuit (2032/33)



Modelling Issue in T&T

Background

- The HVDC tab within the T&T requires a circuit flow direction to be set to for impacted boundaries.
- Below shows an extract of the inputs and outputs from the T&T for the Sea Link HVDC calculation process.

1a

Code	Bus 1	Bus 2	Bus 1 Zone	Bus 2 Zone	CCt Direction	Rating	B15	B15a	EC5	SC1	SC1.5	SW1	SC2	SC3	LE1
T2032_01	SIZE40	RICH40	J2	C7	-1	2000	0	0	1	0	0	0	0	0	0
Sizewell to Richboro							0	0	2000	0	0	0	0	0	0

1 2 3

1b

Code	Bus 1	Bus 2	Bus 1 Zone	Bus 2 Zone	CCt Direction	Rating	B15	B15a	EC5	SC1	SC1.5	SW1	SC2	SC3	LE1
T2032_01	SIZE40	RICH40	J2	C7	1	2000	1	1	0	1	1	0	1	1	1
Richboro to Sizewell							2000	2000	0	2000	2000	0	2000	2000	2000

3

- 1a shows the EC5 boundary being circumvented with power flowing from Sizewell to Richborough.
- 1b shows the SC boundaries being circumvented with power flowing from Richborough to Sizewell.

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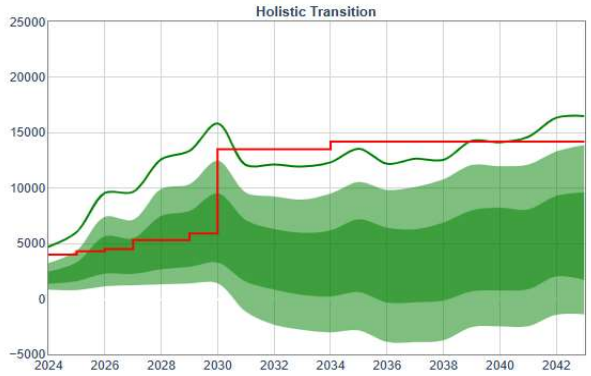
Power Flow Study

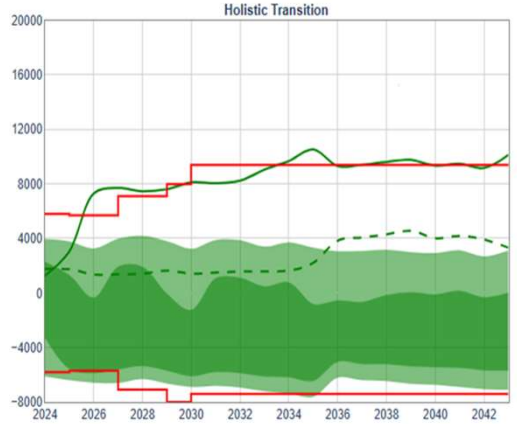
- A Power Flow study was undertaken to determine the most appropriate way to include the Sea Link HVDC circuit within the T&T.
- Outcome of the study indicated that the dominant flow direction would be from Sizewell to Richborough.
- When south coast boundaries are importing power, the power flow shall be from Sizewell to Richborough.
- Based on the Electricity Network Requirements analysis (available on NESO's website in the ETYS 2024 publication), the SC1.5 boundary is importing power from the GB network for ≈75% of the time during a year for the Holistic Transition Scenario (see the graph opposite).
- Therefore, the Circuit Direction in T&T will be from Sizewell to Richborough.

Power Flow Graphs

EC5 Boundary – Sizewell Graph shows the boundary exporting power.



SC1.5 Boundary - Richborough Graph shows the boundary importing power.



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Code Administrator Update

Catia Gomes - Code Administrator NESO

Key Updates since last TCMF

New Modifications / Nominations

- **CMP467:** Removal of outdated references in CUSC submitted on 25 February.
- **CMP468:** Removal of outdated references in the CUSC (Non-Charging) submitted on 25 February.
- **CMP469:** GC0186 Cost Recovery mechanism for CUSC Parties submitted on 11 March.
- **CMP470:** Introducing an Oversubscribed Technologies Commitment Fee urgent modification submitted on 20 March. Nominations opened 30 March and **close 02 April.**

Decisions

- None

Implementations

- **CMP464** 'Section 14 Corrections' implementation 01 April
- **CMP463** 'Stabilising the Specific Onshore Expansion Factors from 1st April 2026' implementation 01 April.

Authority Expected Decision Date

Modification	FMR submitted	Expected Decision Date
'CMP315 'TNUoS Review of the expansion constant and the elements of the transmission system charged for' and CMP375 'Enduring Expansion Constant & Expansion Factor Review'	07 February 2024	TBC pending update on REMA (previously 07 February 2025)
CMP316 'TNUoS Charging Methodology for Co-located Generation'	08 August 2025	April/May 2026 (previously 27 February 2026)
CMP330 & CMP374 'Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length and Extending contestability for Transmission Connections'	10 August 2023	TBC subject to CMP414 send back
CMP344 Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology	09 July 2025	April 2026 (previously 27 February 2026)
CMP397 'Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)'	12 June 2024	April/May 2026 (previously 27 February 2026)
CMP423 'Generation-weighted Reference Node'	09 December 2025	TBC
CMP453 'To Bill BSUoS on a net basis at BSC Trading Units'	11 November 2025	September 2026

The Authority's publication on decisions can be found on their website below:
https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable

Key Consultations in April

Workgroup Consultations

- **CMP414**: CMP330/CMP374 Consequential Modification opens on 24 April and **closes 18 May**
- **CMP456**: Cost recovery for legacy plant in relation to GC0168 opens on 23 April and **closes 15 May**
- **CMP466**: CMP456 Consequential Charging Modification opens on 23 April and **closes 15 May**
- **CMP470:** Introducing an Oversubscribed Technologies Commitment Fee opens 24 April and **closes 30 April**

Code Administrator Consultations

- **CMP445**: Pro-rating first year TNUoS for Generators opens 07 April and **closes 28 April.**
- **CMP417**: Extending principles of CUSC Section 15 to all Users opens on 28 April and **closes 19 May**.

Appeals Window

- None.

CUSC Panel Alternates Election

CUSC 2026 - Panel dates

	Panel Dates	Papers Day	Modification Submission Date	(TCMF) CUSC Development Forum
January	30	22	15	8
February	27	19	12	5
March	27	19	12	5
April	**24**	**16**	**9**	**2**
May	22	14	7	30 April
June	26	18	11	4
July	31	23	16	9
August	28	20	13	6
September	25	17	10	3
October	30	22	15	8
November	27	19	12	5
December	11	3	26 November	19 November

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Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
CMP315	TNUoS: Review of the expansion constant and the elements of the transmission system charged for	The expansion constant is a key input in setting the value of the locational element of transmission network use of system charges. This modification proposal would review how the expansion constant is determined such that it best reflects the costs involved.	High impact on all Users who pay TNUoS charges, NESO, Transmission Owners and Offshore Transmission Owners
CMP316	TNUoS Charging Methodology for Co-located Generation	Charging arrangements for Generation sites which comprise multiple technology types within one Power Station ("co-located")	Medium impact on Co-located Generators; Low Impact on NESO
CMP330/CMP374	Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length	To amend the definition of Connection Assets in section 14 of the CUSC to allow cable and overhead line lengths over 2km to be contestable where agreed between the Transmission Owner and the User.	High Impact on New Transmission connected Users and Transmission Owners
CMP344	Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology	Clarifies that the allowed revenue for Transmission Owners recovered from Transmission Users under the Charging Methodologies is fixed for each onshore price control period for onshore transmission licensees and at the point of asset transfer for OFTOs.	High impact on Transmission Owners, Transmission Users including Generators and Suppliers; and a Medium impact on the ESO
CMP375	Enduring Expansion Constant & Expansion Factor Review	Seeks to amend the calculation of the Expansion Constant & Expansion Factors to better reflect the growth of and investment in the National Electricity Transmission System (NETS)	High impact on all Users who pay TNUoS charges, NESO, Transmission Owners and Offshore Transmission Owners
CMP397	Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)	CMP316 makes changes to Section 14 of the CUSC. CMP397 facilitates CMP316 and proposes consequential changes to CUSC Exhibits B & D	Low impact on Co-located Generators and NESO

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Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
CMP414	CMP330/CMP374 Consequential Modification	Seeks to enact the Workgroup solution from CMP330/CMP374, by updating Exhibit B, Section 2 and Section 11 of the CUSC	Medium impact on Generators, Transmission Owner and NESO
CMP417	Extending principles of CUSC Section 15 to all Users	This modification seeks to extend the principles of CUSC Section 15 "User Commitment Methodology" to Users on Final Sums methodology, resulting in all Users being on the User Commitment Methodology. This will introduce equitable treatment across User groups and reduce barriers to entry as a User's security amount will better reflect the transmission liabilities they impose should they cancel connection or reduce capacity.	High Impact on National Energy System Operator, Distribution Network Operators, Transmission Owners, Users who remain on Final Sums methodology (Distributed connected Demand, Transmission connected Demand and DNOs where work is not triggered by an Embedded Generator e.g. asset replacement)
CMP423	Generation Weighted Reference Node	This modification proposes to switch from a demand weighted Reference Node to a generation weighted Reference Node instead.	High impact: Generation and Demand Users
CMP445	Pro-rating first year TNUoS for Generators	The CUSC should be amended to ensure that Generators only pay TNUoS on a pro-rated basis from their Charging Date, during the first year of connection	High impact on Generators, Transmission System Operators, Transmission Owners
CMP453	To Bill BSUoS on a net basis at BSC Trading Units	The move to gross billing of BSUoS means that customers forming part of a BSC Trading Unit are paying BSUoS when the net flows at the point of connection are exports, so the customers are not using the system and should not pay BSUoS.	Medium impact on customers and suppliers.
CMP456	Cost recovery for legacy plant in relation to GC0168	Modification GC0168 requires existing plants, upon request to obtain and submit Electromagnetic Transient (EMT) models. This is a significant and costly challenge for older plant with complex systems and with little direct benefit to the Generator. This modification enables appropriate cost recovery.	High impact on Generators and Suppliers

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Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
CMP463	Stabilising the Specific Onshore Expansion Factors from 1st April 2026	The Price Control from April 2026 has led to large, unexpected increases in Specific Onshore Expansion Factors. This modification seeks to hold those Specific Expansion Factors at 2025/26 levels, similar to the CMP353 approach, ahead of a larger more fundamental review of TNUoS.	High impact on Generators.
CMP464	Section 14 Corrections	This modification seeks to address minor errors and formatting issues in Section 14 of the CUSC.	Low impact on parties to the CUSC and NESO
CMP466	CMP456 Consequential Charging Modification'	This modification is required to facilitate the implementation of CMP456. In discussions with the National Energy System Operator (NESO) it has become clear that a small change to the Balancing Services Use of System (BSUoS) within Section 14 'Charging Methodologies' will be required to ensure that any validated costs arising via the CMP456 solution are recovered, as happens today with black start costs, via BSUoS.	Generators and the System Operator
CMP467	Removal of outdated references in CUSC	Critical Friend Stage	Critical Friend Stage
CMP468	Removal of outdated references in the CUSC (Non-Charging)	Critical Friend Stage	Critical Friend Stage
CMP469	GC0186 Cost Recovery mechanism for CUSC Parties	The GC0186 modification will place new obligations within the Grid Code, upon Connection and Use of System Code (CUSC) Parties who are not contracted with the National Energy System Operator (NESO) as Restoration Service Providers. Therefore, a one-year time extension of the codified cost recovery mechanism is required to prevent the affected parties being commercially disadvantaged by the implementation of the new obligations	High impact on Suppliers & Generators

Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
CMP470:	Introducing an Oversubscribed Technologies Commitment Fee | National Energy System Operator	This modification seeks to introduce a floor on securities through an Oversubscribed Technologies Commitment Fee for all technologies which are oversubscribed relative to Clean Power 2030 capacity targets.	High impact on generation developers and a Medium Impact on Transmission Owners

Useful Links

Ofgem's expected decision dates/ date they intend to publish an impact assessment or consultation, for code modifications that are with them for decision are available here

Updates on all Modifications are available on the Modification Tracker here

The latest CUSC Panel Headline Report and prioritisation stack are available here

If you would like to receive updates from the Code Administrator on CUSC modifications, please join the distribution list here

Your CUSC Panel representatives

- Industry is represented at CUSC Panel by representatives, who would love your input. Their contact details can be found here.
- Panel members represent their industry segments at Panel; the more input they have, the more your voice can be heard.

Anthony Pygram	Independent Panel Chair		**Lauren Jauss**	Panel Member	
Catia Gomes	Panel Secretary and Code Administrator Representative		**Shane Cracknell**	Panel Member	
Ren Walker	Panel Technical Secretary		**Camille Gilsenan**	NESO Representative	
Andrew Enzor	Panel Member		**Daniel Arrowsmith**	NESO Representative	
Binoy Dharsi	Panel Member		**Tom Lowe**	Consumer Panel Representative	
Garth Graham	Panel Member		**Jacob Snowden**	BSC Representative	
Joe Colebrook	Panel Member		**Nadir Hafeez**	Ofgem Representative	
Kyran Hanks	Panel Member		**Harriet Harmon**	Ofgem Representative	

AOB and meeting close

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BSUoS Under Recovery

Nick Everitt

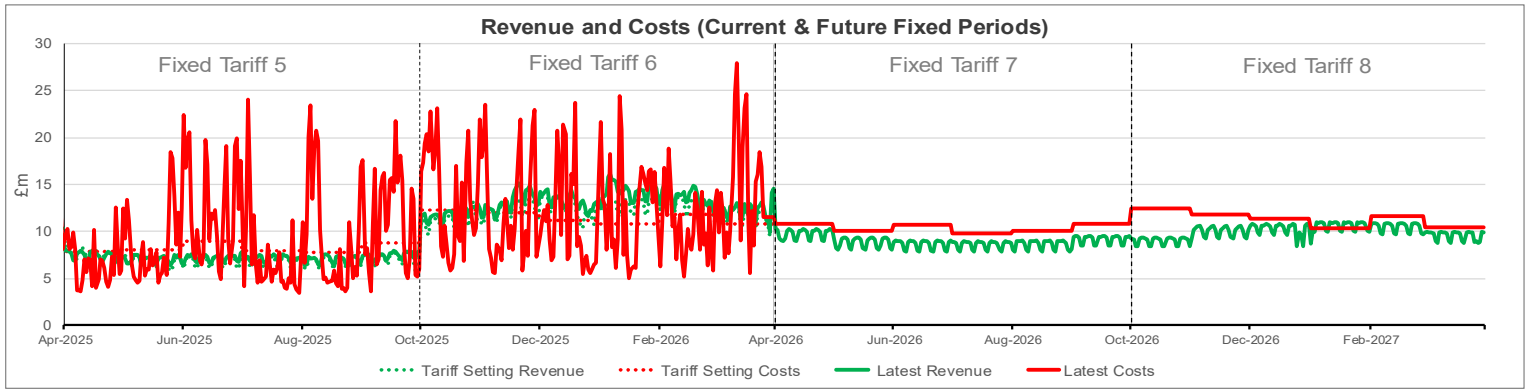
April 2026

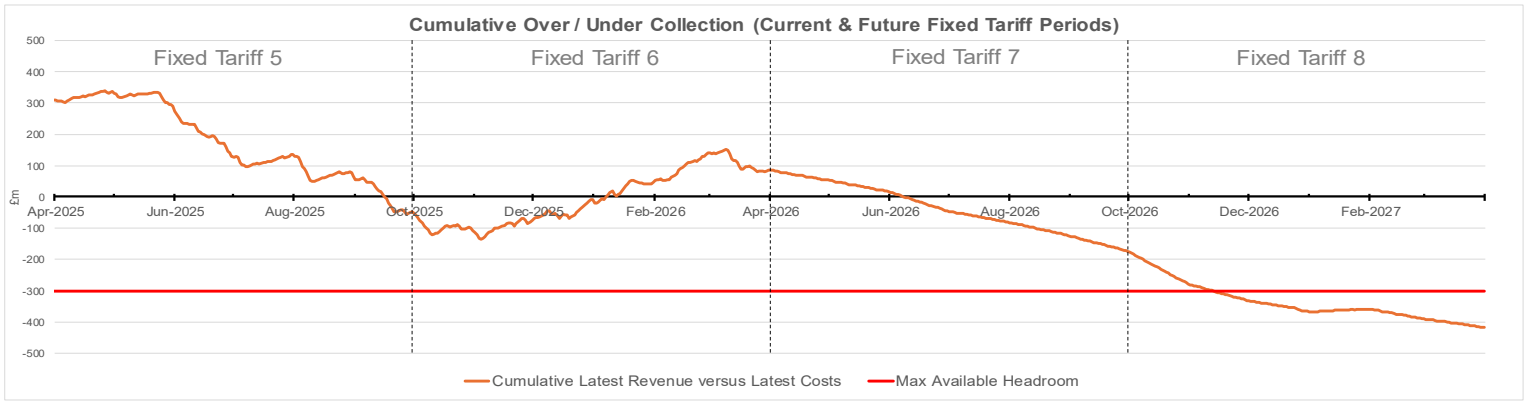
NESO
National Energy System Operator

Current Costs v Recovery Forecast

Today's Date	26/03/2026
Latest Revenue in Fixed Period to date	10,166,655,086
Latest Costs in Fixed Period to date	10,084,099,051
Over / (Under) Recovery to Date	82,556,035

Last date Control Room data available	25/03/2026
Last date II data entered	17/03/2026
Last date SF data entered	02/03/2026
Latest published forecast	April 26





Today
26/03/2026

Forecast cash position at the end of fixed tariff 5
-£48m

Forecast cash position at the end of fixed tariff 6
£86m

Forecast cash position at the end of fixed tariff 7
-£173m

Forecast cash position at the end of fixed tariff 8
-£418m

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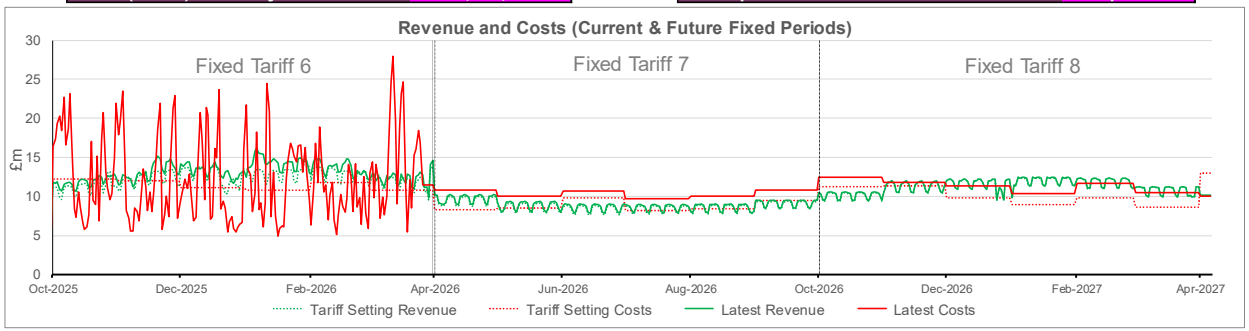
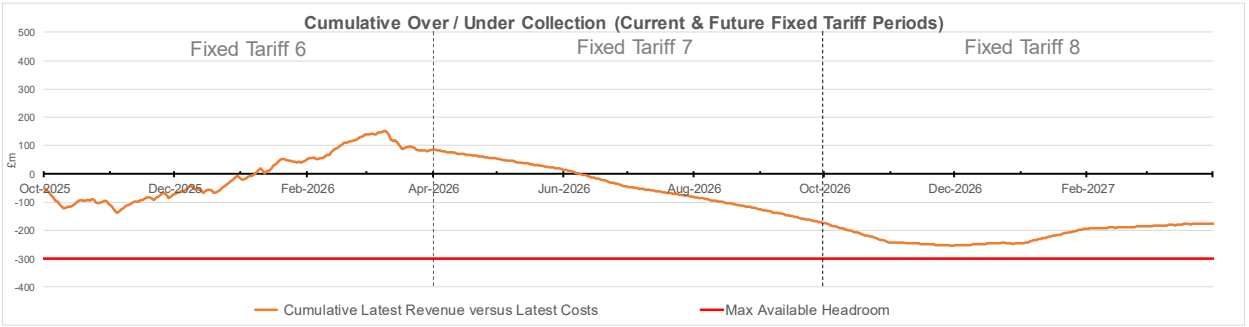
Current Costs v Recovery Forecast with reset tariff

Today's Date	26/03/2026
Latest Revenue in Fixed Period to date	10,166,655,074
Latest Costs in Fixed Period to date	10,084,099,069
Over / (Under) Recovery to Date	82,556,005

Last date Control Room data available	25/03/2026
Last date II data entered	17/03/2026
Last date SF data entered	02/03/2026
Latest published forecast	April 26





Date 26/03/2026	Fixed Tariff Details
Forecast cash position at the end of fixed tariff 6 **£86m**	Fixed Tariff 6 Oct 25 - Mar 26 **£15.69/MWh**
Forecast cash position at the end of fixed tariff 7 **-£173m**	Fixed Tariff 7 Apr 26 - Sep 26 **£13.74/MWh**
Forecast cash position at the end of fixed tariff 8 **-£175m**	Fixed Tariff 8 Oct 26 - Mar 27 **£12.49/MWh**
	Reset Tariff: £14.16/MWh

Change Drivers

Wholesale Market Prices

- BSUoS Forecast is produced based on an average of the forward price curves (based on 1-5 March)
- Average 20% increase since February forecast

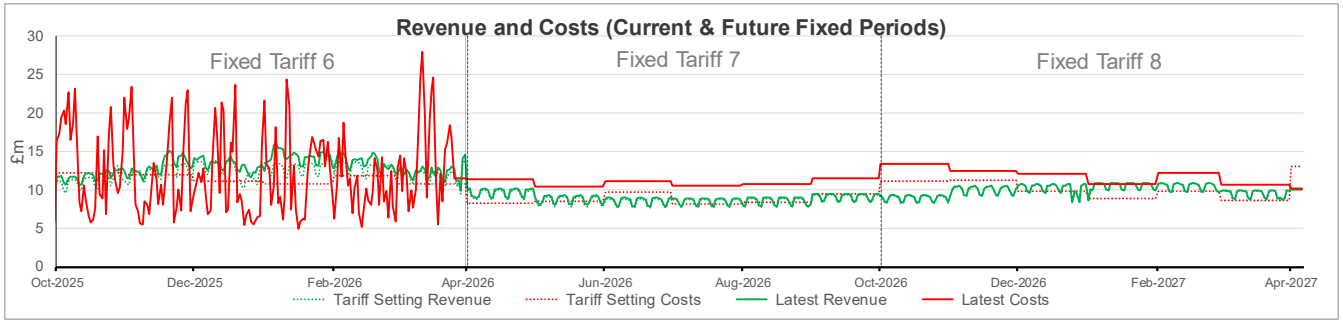
Plexos Constraint forecast update

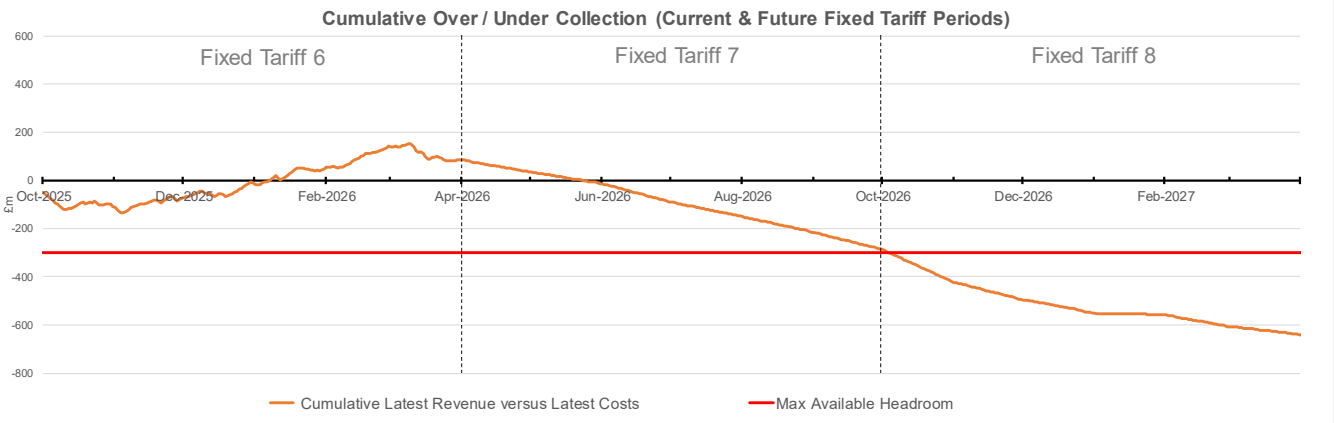
- New set of boundary limits generated from the new Year-ahead plan starting delivery in April 2026. Many of the limits are significantly lower than the limits from the previous YA plan. This inevitably leads to higher forecast costs. The limits for some boundaries are lower due to a challenging outage plan, required to enable the TOs to deliver the work needed to maintain and upgrade their networks.
- Change to the model to use a different historic wind profile than previous. The former wind profile has some very low output periods (e.g. July), giving cost forecast results for some months which were unusually low. The wind profile now being used (2017), has a more consistent spread of wind from month-to-month, but has also added some cost to the forecast over the 2-year period.
- However, this was produced at the end of February, so did not include the impact of the increased gas prices seen at the start of March.

Current Costs v Recovery Forecast projection of gas price impact

Today's Date	26/03/2026
Latest Revenue in Fixed Period to date	10,166,655,074
Latest Costs in Fixed Period to date	10,084,099,069
Over / (Under) Recovery to Date	82,556,005

Last date Control Room data available	25/03/2026
Last date II data entered	17/03/2026
Last date SF data entered	02/03/2026
Latest published forecast	Test Apr 26





Date 26/03/2026	Fixed Tariff Details
Forecast cash position at the end of fixed tariff 6 **£86m**	Fixed Tariff 6 Oct 25 - Mar 26 **£15.69/MWh**
Forecast cash position at the end of fixed tariff 7 **-£285m**	Fixed Tariff 7 Apr 26 - Sep 26 **£13.74/MWh**
Forecast cash position at the end of fixed tariff 8 **-£640m**	Fixed Tariff 8 Oct 26 - Mar 27 **£12.49/MWh**

NESO National Energy System Operator

Current Costs v Recovery Forecast with projection of gas price impact

Today's Date	26/03/2026
Latest Revenue in Fixed Period to date	10,166,655,074
Latest Costs in Fixed Period to date	10,084,099,069
Over / (Under) Recovery to Date	82,556,005

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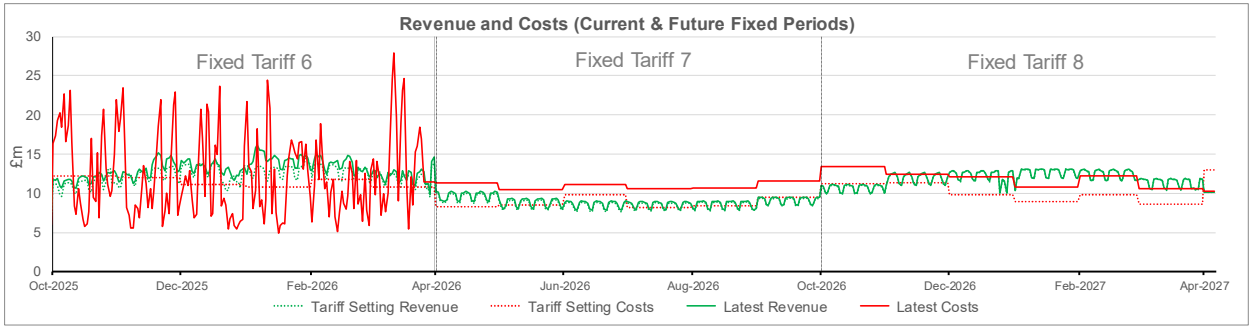

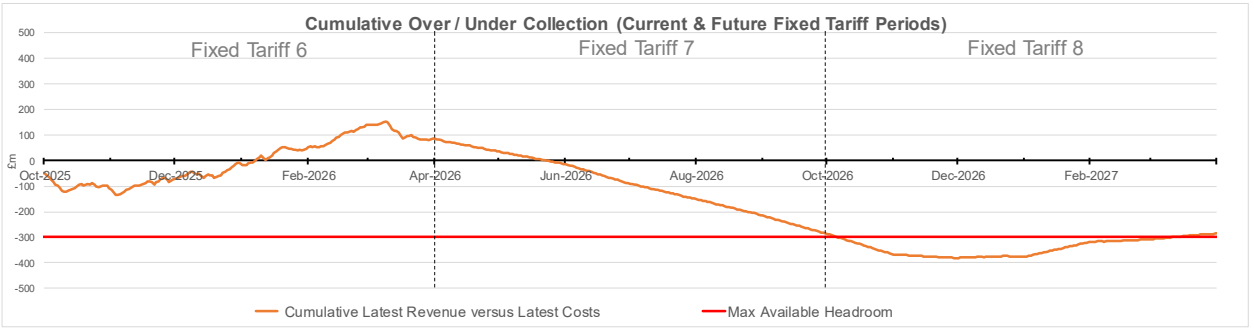

Date
26/03/2026

Forecast cash position at the end of fixed tariff 6	**£86m**
Forecast cash position at the end of fixed tariff 7	**-£285m**
Forecast cash position at the end of fixed tariff 8	**-£286m**

Fixed Tariff Details

Fixed Tariff 6 **Oct 25 - Mar 26**	**£15.69/MWh**
Fixed Tariff 7 **Apr 26 - Sep 26**	**£13.74/MWh**
Fixed Tariff 8 **Oct 26 - Mar 27**	**£12.49/MWh**
Reset Tariff:	**£14.92/MWh**

BSUoS under-recover options

Option	Detail	Implementation Plan
Tariff Reset process update	Current process doesn't protect the WCF	Address issues in the current process that fails to protect the WCF
Tariff Reset	Process is outlined in CUSC – can reset tariffs when the WCF is forecasted to be breached.	Increase visibility of the process
Additional Tariff	Explore possibility of adding a "top-up" tariff to account for under-recovery. Develop parameters and detail	Would require a CUSC modification

Feedback

Public

centrica

Resetting BSUoS fixed tariffs

2 April 2026

Contents

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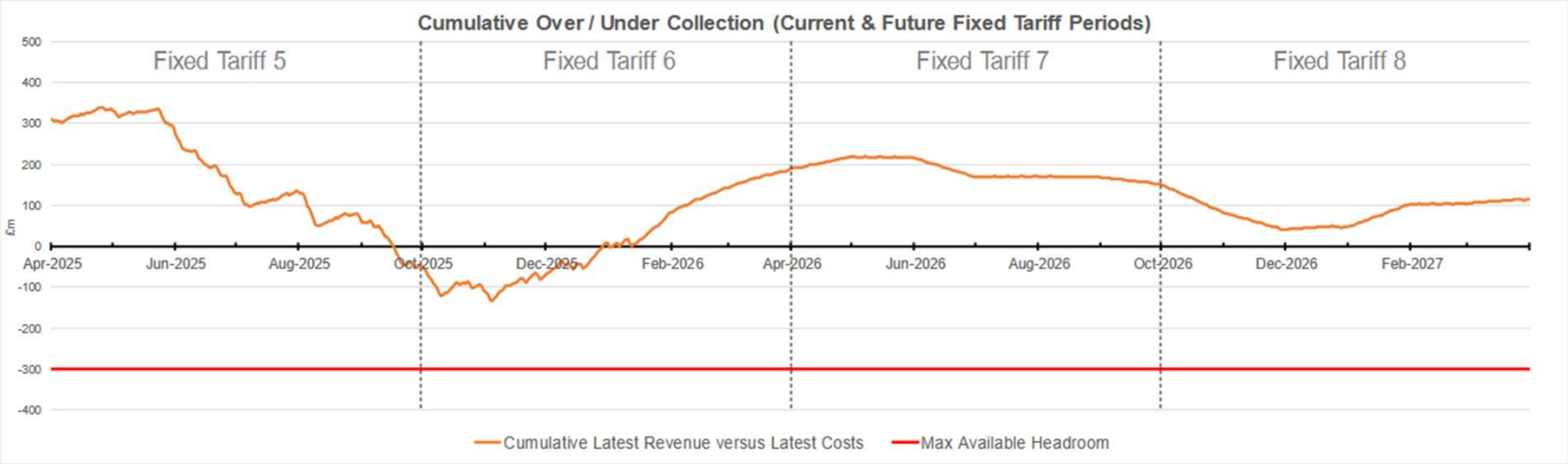
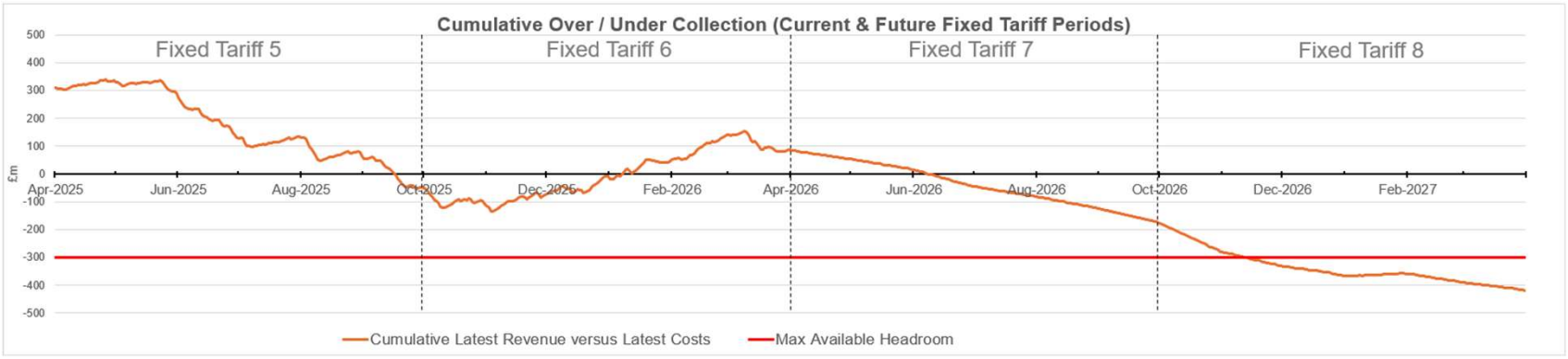
01 - The NESO's 2026-27 balancing costs forecast has risen sharpy over a short period of time

January 2026



March 2026



02 - Current arrangements expose suppliers to unmanageable risks

1. **The tariff resetting process has not been codified in the CUSC despite Ofgem's requirement for codification.**
2. Forecasting balancing costs is difficult for suppliers but they are potentially protected from the volatility with fixed tariffs for a known period.
3. Due to increased costs, the NESO is forecasting that it will run out of money:
   - The NESO also forecasts that its £300m working capital facility will be exhausted in period 8.
4. Suppliers now need to forecast the changes in balancing costs and how and when NESO will reset tariffs.
5. Some suppliers will be unaware of the potential reset and the NESO has not flagged this issue.
6. In the instance of a reset suppliers would be unlikely to be able to recover additional costs from their fixed contracts
7. If the NESO resets tariffs after the retail price cap is set:
   -

03 - The CUSC could be modified to provide suppliers with some certainty around the tariff resetting process

Centrica to raise an urgent modification proposal that could:

1. Codify the tariff reset process;
2. Change notice period for a tariff reset (e.g. [7weeks]) to allow for inclusion in the retail price cap;
3. Require that the NESO provides early warning of a potential reset and an estimate of the new fixed tariff; and
4. Allow recovery of the additional costs over a specified period (e.g. [3 months]) and/or set a limit on how much the tariff can be increased by.

Thank you

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