

Public

# Transmission Charging Methodologies Forum and CUSC Issues Steering Group

2 April 2026

# 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

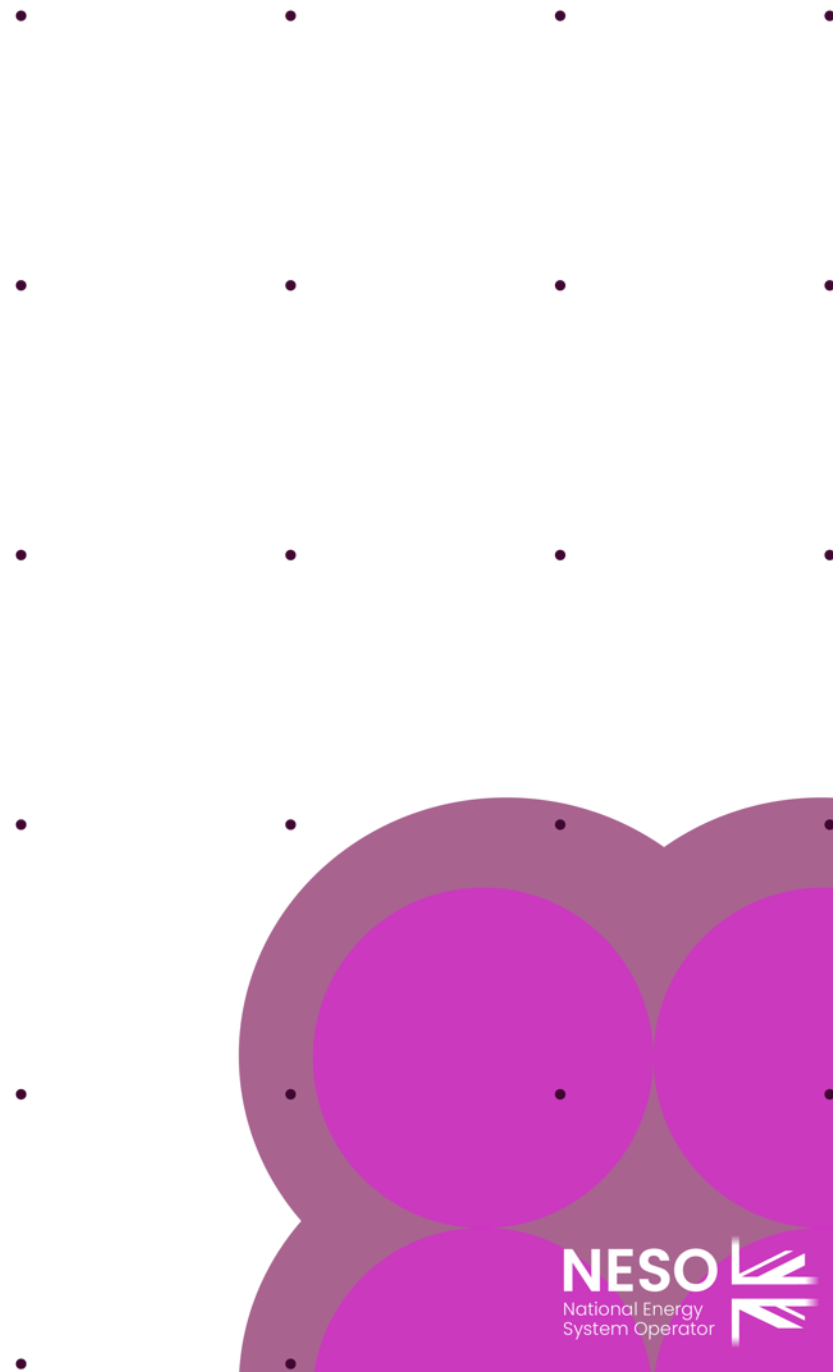
ID	Month	Description	Owner	Notes	Target Date	Status
24-17	Nov	Updates on the storage subgroup.	SD	NESO to provide terms of reference and updates from the subgroup	Update provided at last months TCMF	Ongoing
24-18	Nov	Overview on national pricing and market reform developments	Ofgem	Ofgem to arrange for 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

1. Context and problem statement
2. Proposed solution and next steps



## Context and problem statement

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



### 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.

# Proposed solution and next steps

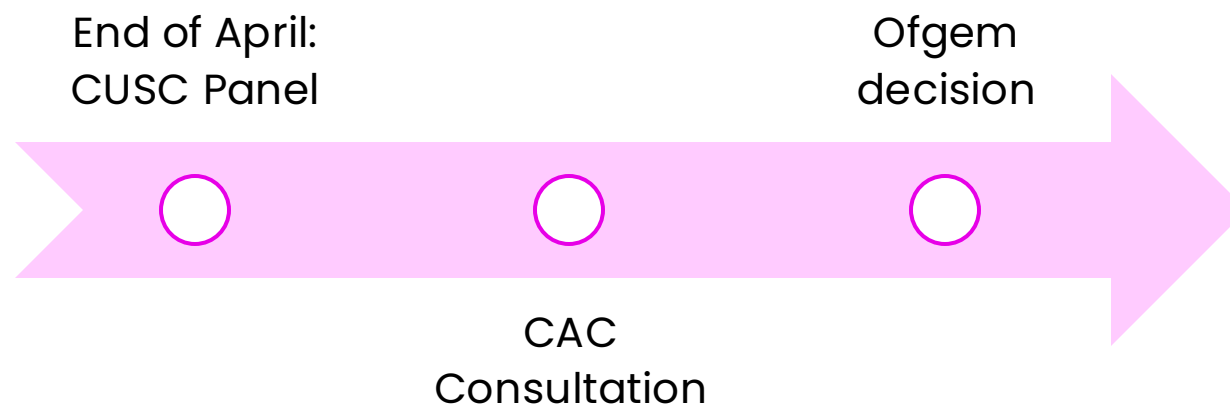
## Solution

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.

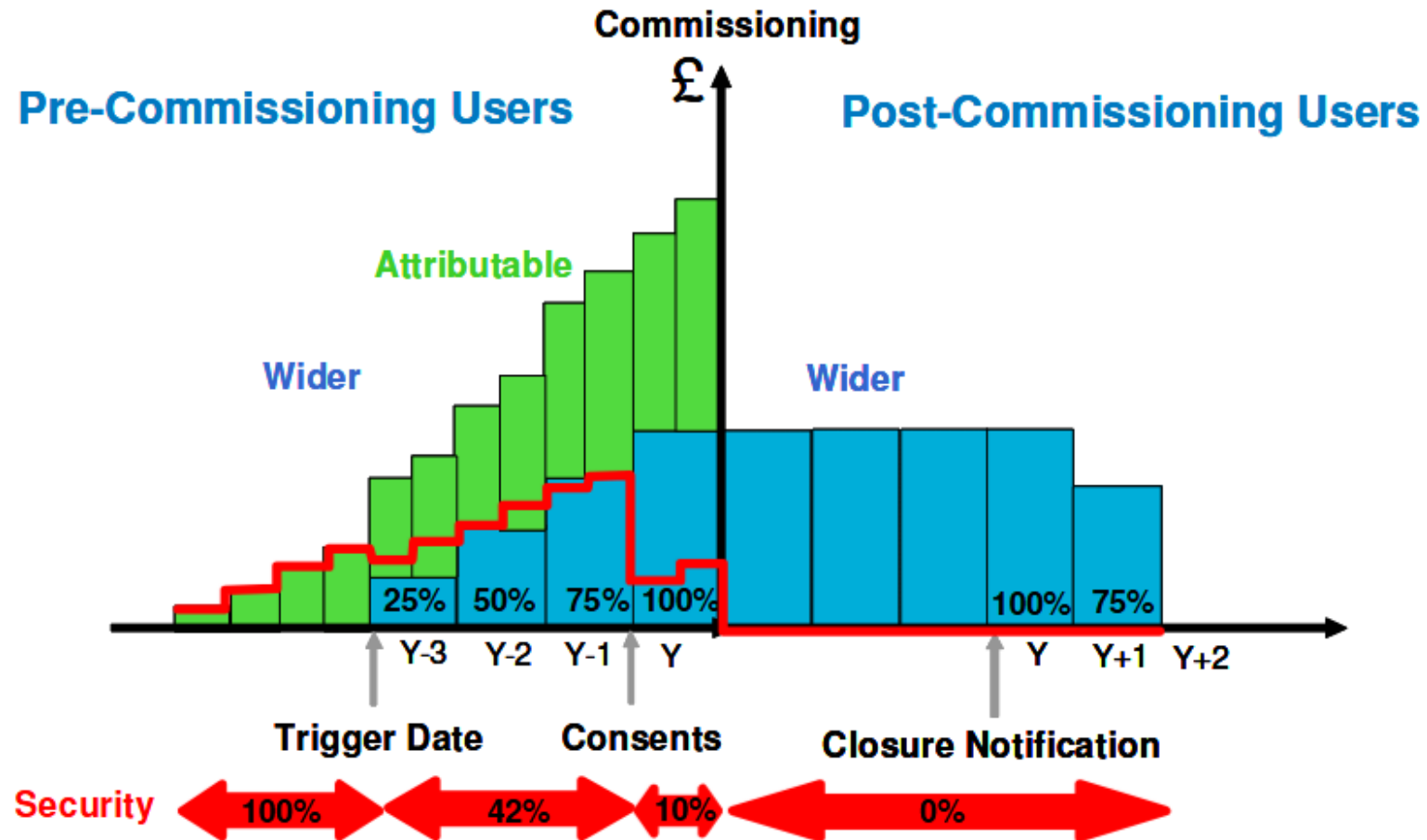
## Objective

- ▶ 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 1<sup>st</sup> 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 1<sup>st</sup> 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 2<sup>nd</sup> 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](mailto:andrew.allan@rwe.com)

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

Alan Fradley, NESO

# Sea Link HVDC Circuit

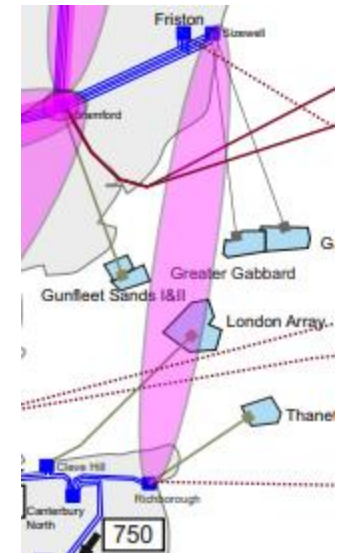
## Summary

- 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	
1	Sizewell to Richboro						2	0	0	2000	0	0	0	0	0	0	0
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	

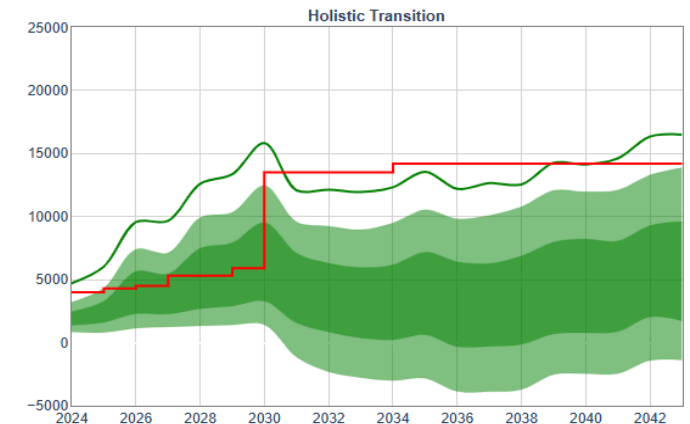
- 1a shows the EC5 boundary being circumvented with power flowing from Sizewell to Richborough.
- 1b shows the SC boundaries being circumvented with power flowing from Richborough to Sizewell.

# Power Flow Study

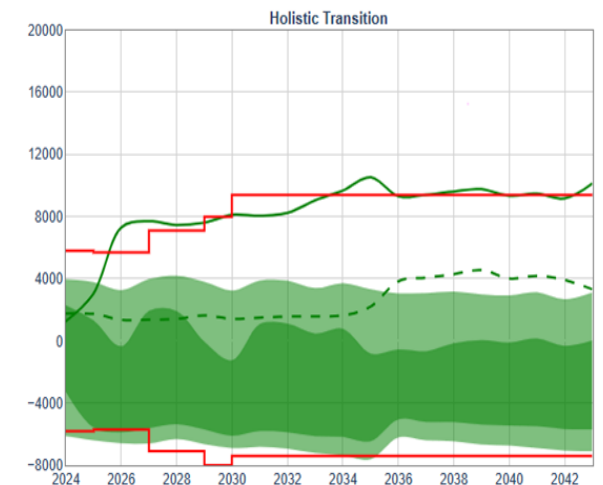
- A Power Flow study was undertaken to determine the most appropriate way to include the Sea Link HVDC circuit within the T&T.
- Outcome of the study indicated that the dominant flow direction would be from Sizewell to Richborough.
- When south coast boundaries are importing power, the power flow shall 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  $\approx 75\%$  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.

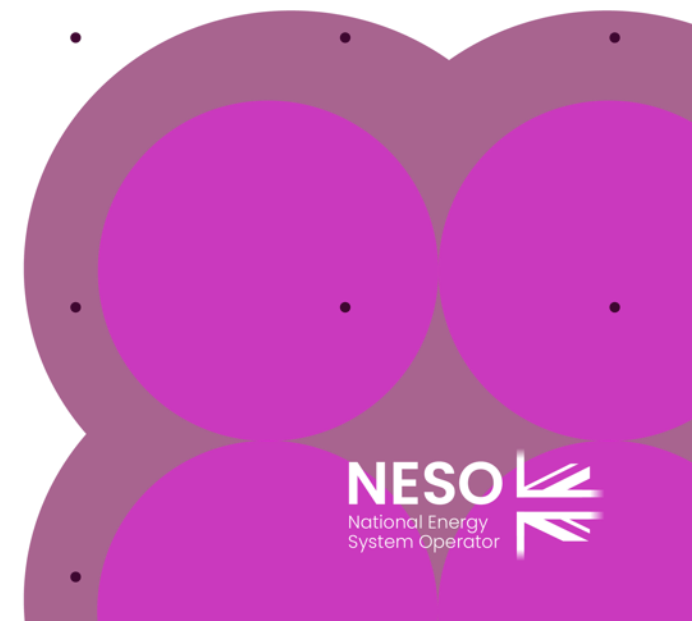


SC1.5 Boundary  
– Richborough  
Graph shows  
the boundary  
importing  
power.



# Code Administrator Update

Catia Gomes – Code Administrator NESO



# Key Updates since last TCMF

**New  
Modifications /  
Nominations**



# Authority Expected Decision Date

Modification	FMR submitted	Expected Decision Date
' <a href="#">CMP315</a> 'TNUoS Review of the expansion constant and the elements of the transmission system charged for' and <a href="#">CMP375</a> 'Enduring Expansion Constant & Expansion Factor Review'	07 February 2024	TBC pending update on REMA (previously 07 February 2025)
<a href="#">CMP316</a> 'TNUoS Charging Methodology for Co-located Generation'	08 August 2025	April/May 2026 (previously 27 February 2026)
<a href="#">CMP330 &amp; CMP374</a> '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
<a href="#">CMP344</a> 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)
<a href="#">CMP397</a> '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)
<a href="#">CMP423</a> 'Generation-weighted Reference Node'	09 December 2025	TBC
<a href="#">CMP453</a> '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**



# 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
<b>April</b>	<b>24</b>	<b>16</b>	<b>9</b>	<b>2</b>
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

## Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
<b><u>CMP315</u></b>	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
<b><u>CMP316</u></b>	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
<b><u>CMP330/CMP374</u></b>	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
<b><u>CMP344</u></b>	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
<b><u>CMP375</u></b>	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
<b><u>CMP397</u></b>	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

## Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
<b><u>CMP414</u></b>	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
<b><u>CMP417</u></b>	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)
<b><u>CMP423</u></b>	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
<b><u>CMP445</u></b>	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
<b><u>CMP453</u></b>	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.
<b><u>CMP456</u></b>	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

## Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
<b><u>CMP463</u></b>	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.
<b><u>CMP464</u></b>	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
<b><u>CMP466</u></b>	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
<b><u>CMP467</u></b>	Removal of outdated references in CUSC	Critical Friend Stage	Critical Friend Stage
<b><u>CMP468</u></b>	Removal of outdated references in the CUSC (Non-Charging)	Critical Friend Stage	Critical Friend Stage
<b><u>CMP469</u></b>	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
<b><u>CMP470:</u></b>	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.

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

# AOB and meeting close

# BSUoS Under Recovery

Nick Everitt

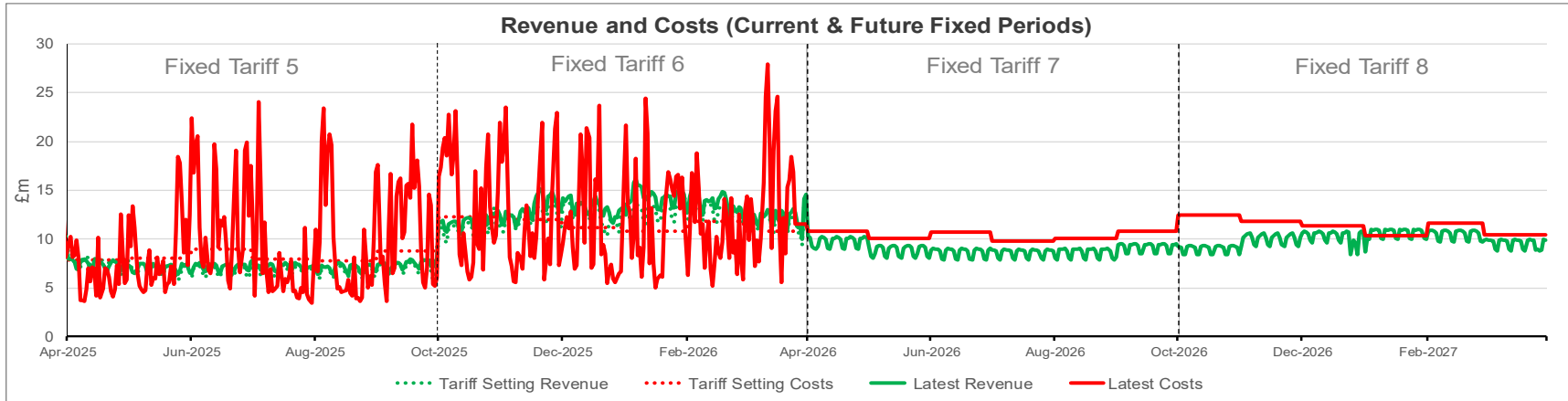
April 2026

# 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

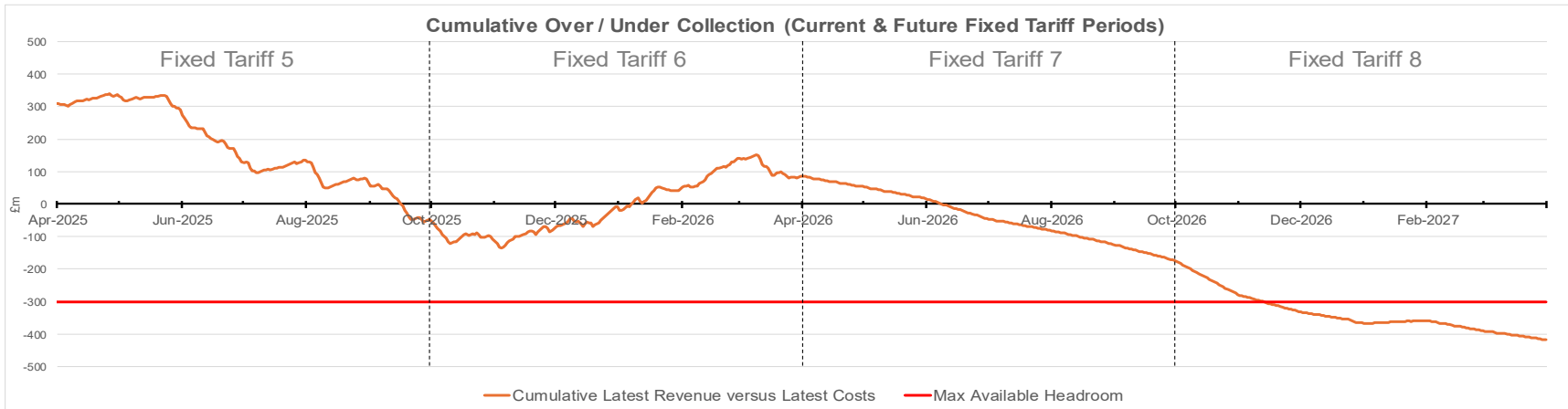
Last date Control Room data available	25/03/2026
Last date II data entered	17/03/2026
Last date SF data entered	02/03/2026
Latest published forecast	April 26

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**

# 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

Fixed Tariff 6  
Oct 25 - Mar 26  
£15.69/MWh

Fixed Tariff 7  
Apr 26 - Sep 26  
£13.74/MWh

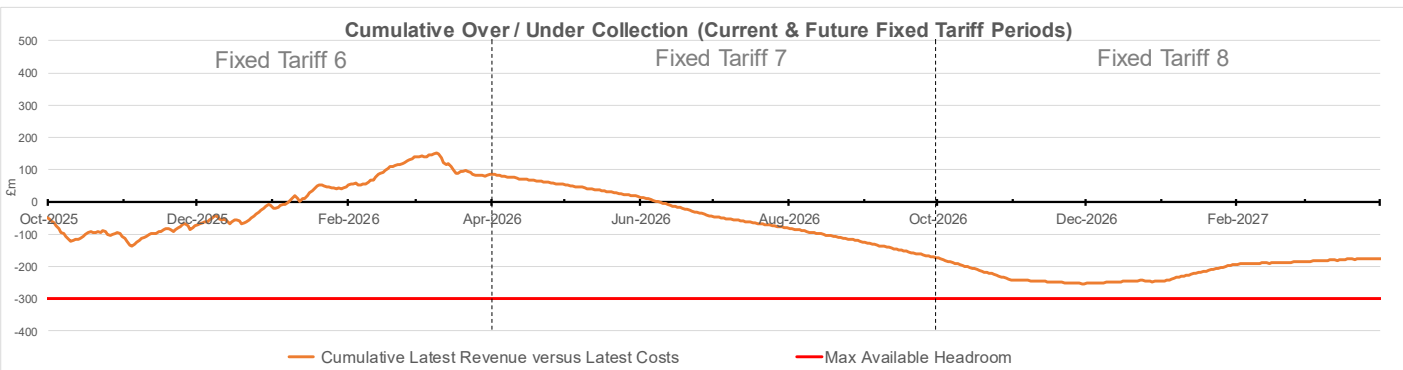
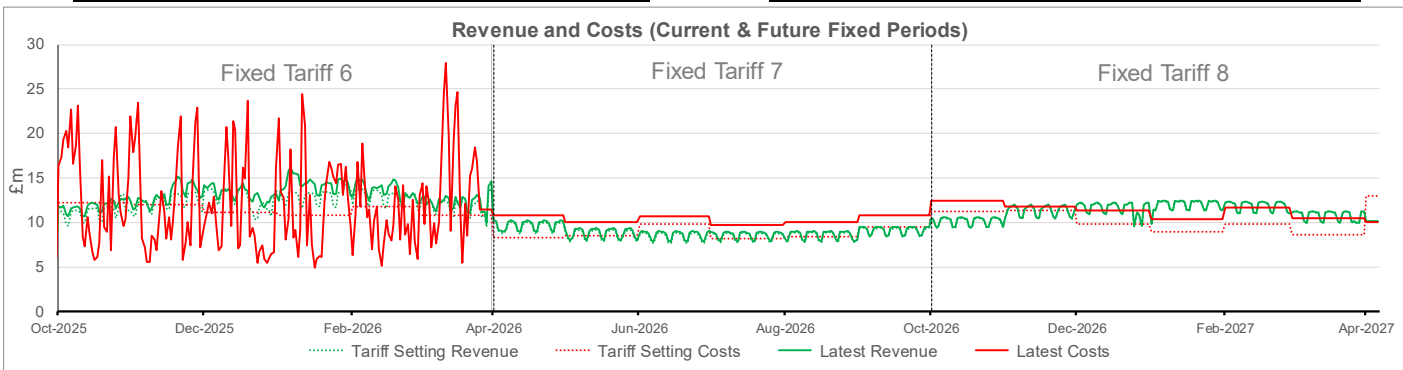
Fixed Tariff 8  
Oct 26 - Mar 27  
£12.49/MWh

Reset Tariff: £14.16/MWh

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  
-£175m



# 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.

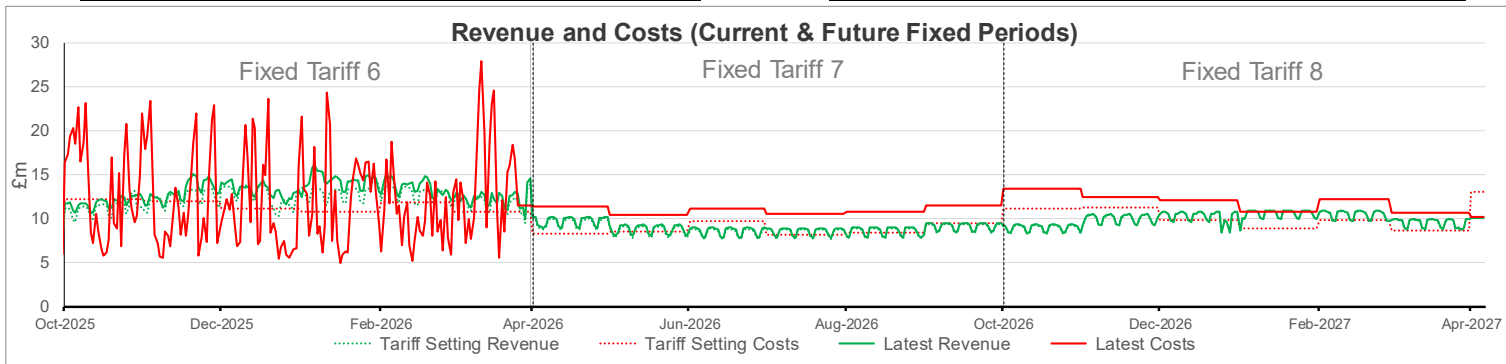
# Current Costs v Recovery Forecast projection of gas price impact

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**

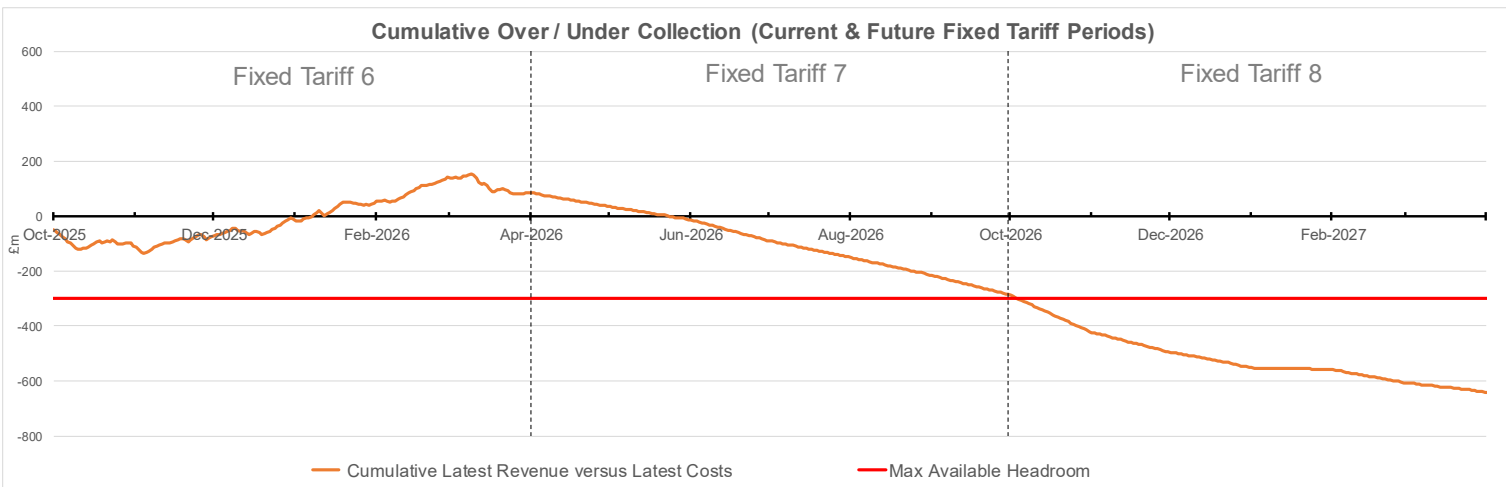
Fixed Tariff 6  
Oct 25 - Mar 26  
**£15.69/MWh**

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**



# 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

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

Fixed Tariff 6  
Oct 25 - Mar 26  
£15.69/MWh

Fixed Tariff 7  
Apr 26 - Sep 26  
£13.74/MWh

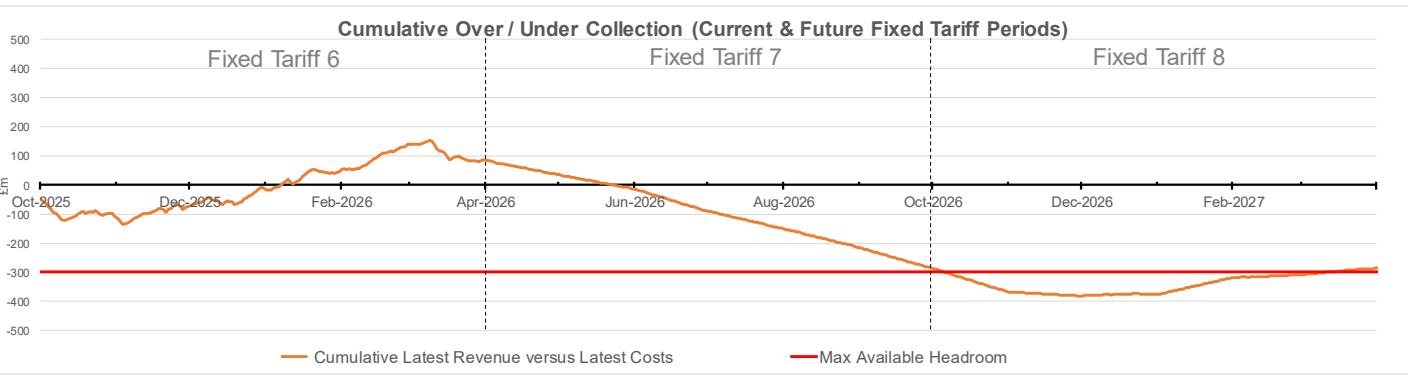
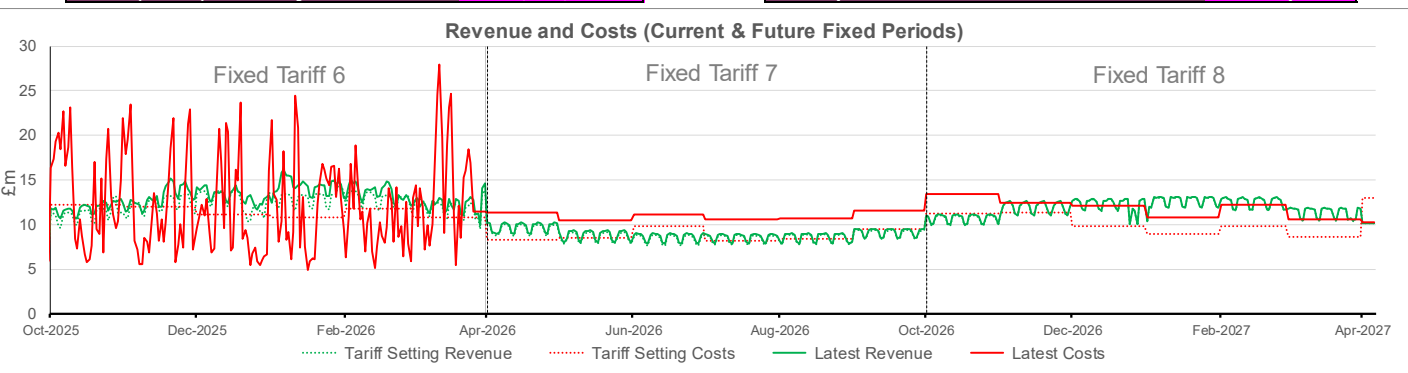
Fixed Tariff 8  
Oct 26 - Mar 27  
£12.49/MWh

Reset Tariff: £14.92/MWh

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



# 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



***centrica***

# Resetting BSUoS fixed tariffs

2 April 2026



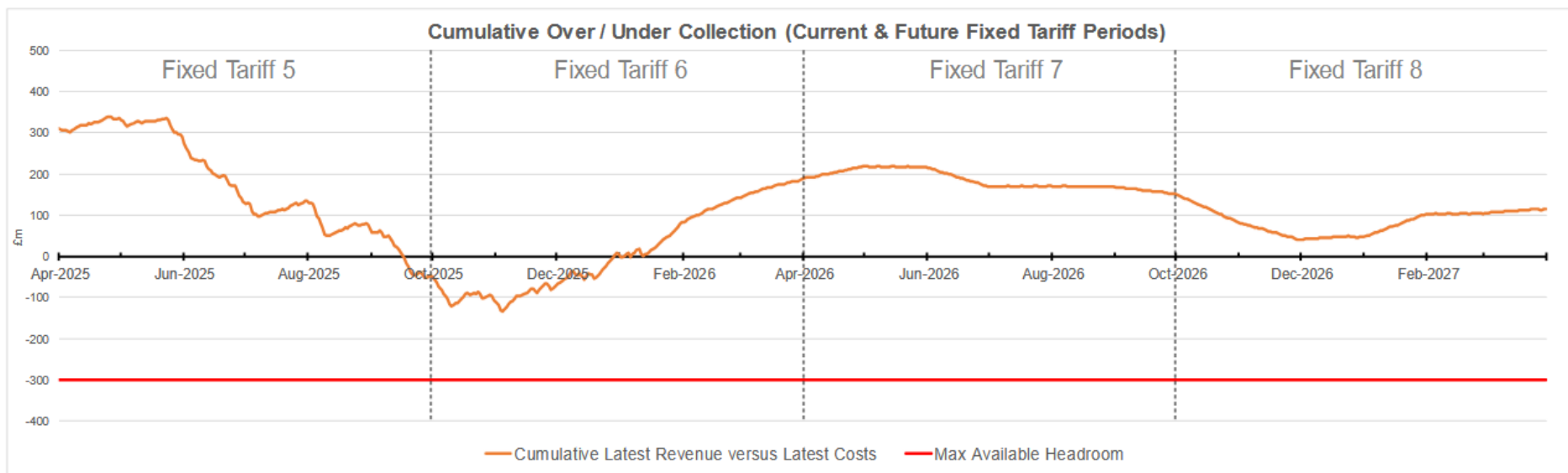
# Contents

- 01 Balancing costs forecasts
- 02 What are the issues?
- 03 What is the potential solution?

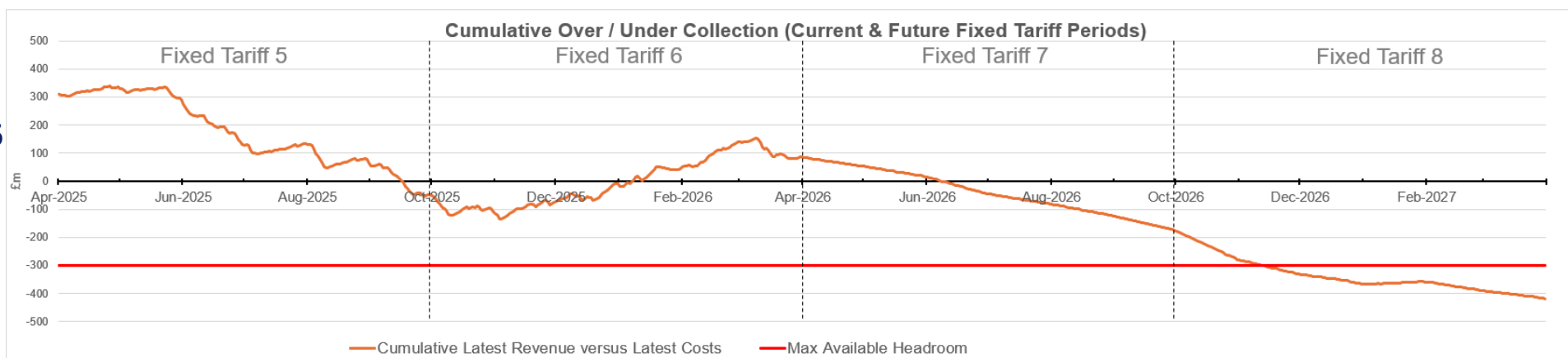


# 01 - The NESO's 2026-27 balancing costs forecast has risen sharply over a short period of time

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:
  - Suppliers may not be able to recover additional costs from their price cap customers
  - Ofgem will need to analyse how suppliers can be funded

## 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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