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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 cust.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 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

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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*;*
- 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

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***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.

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	Mark the Objectives which you believe each solution better facilitates than the current baseline:
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	alternatives better facilitate the Applicable Objectives versus the current baseline?	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
		WACM1	<input type="checkbox"/> (d) <input type="checkbox"/> (e) <input type="checkbox"/> (f) <input type="checkbox"/> (g) <input type="checkbox"/> (h) <input checked="" type="checkbox"/> None
		<p>Original</p> <p>d) Through no fault of the connectee, the Generator in question could be faced with a TNUoS liability for the entirety of its first charging year which is highly disproportionate to operational revenues, which may only be for a few weeks or months of that same year, that can also be unexpected (on the part of the Generator who, as per some recent known examples, have had their connection delayed, unexpectedly, by the TO). This modification better aligns revenues with liability, and also at the same time better aligns that Generator with competition in its locality.</p> <p>e) The TO is entitled to revenue in this first charging year for that connection which is pro rata'd. This (Original) modification therefore better aligns TNUoS revenue recovery with TO's Allowed Revenues.</p> <p>WACM1</p> <p>The WACM does have the same improvements to the baseline as noted above for the original. However, we do note that there are some potential differences which may need to be considered further.</p> <p>For example, for the TEC to be utilised by other Parties there needs to be a reasonable amount of</p>	

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		<p>notice provided to other potential users (of that ‘freed up’ TEC). The lack of this notice (to other potential users) makes planning the System more difficult so could increase costs. We are mindful that the current approach encourages parties to give more notice as you pay a years worth of TNUoS if you do not give 5 days notice ahead of the Charging Year.</p> <p>In terms of <u>Charge Setting</u>, tariffs will be set on the basis that the Generator will be there for the following charging year and that impacts all other Generators on the System. A large generator in the North will push up Northern Prices and make Southern Prices more negative. An existing generator could remain connected for 1 day in the charging year (e.g. 1st April), impacting the TNUoS charges for all other generators, then disconnect (on 2nd April) and pay very little TNUoS. There is, in this type of scenario, the potential for gaming across a portfolio.</p> <p><u>Scaling Factors</u> for a Generator take into account annual usage and availability. If a Generator was to disconnect part way through the charging year, should the TEC values which feed into the DCLF model be altered if there is sufficient notice to do so?</p> <p>A Solar Farm may value TEC at a greater value up until say Winter. It may then disconnect, then give up TEC for the winter. Where its located will that TEC be as valuable for other users for the Winter period alone (and if so, why can’t it be temporarily – or permanetly – TEC traded, using the existing</p>
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		<p>CUSC mechanisms that are desinged for this purpose)?</p> <p>Does the Use of the System (by that Solar Farm) for the year already take into account that the usage is stacked for the first 6 months. By not paying a full years worth of TNUoS is that asset therefore underpaying for the Use of the System?</p> <p>There maybe merit in this WACM; however, given the comments above it requires further examination as there are a number of potential flaws; such as from the danger of gaming and that the benefit of releasing TEC to the System may be overstated or could be achieved by existing means, such as Temporary (or Permanent?) TEC Trading.</p>
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Click or tap here to enter text.
3	Do you have any other comments?	<p>Notwithstanding our comments under Q1 above, WACM1 may require a notice period to be adhered to before TNUoS tariffs can be pro rata'd. This will allow TNUoS charges to reflect actual connections, reduce the ability for gaming, allow for better planning and increase the ability of that TEC being utilised by other users.</p>
4	Do you wish to raise a Workgroup Consultation	<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/> No

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	Alternative Request for the Workgroup to consider?	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) Article 18 terms and conditions held within the Code?	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.

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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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	agree? Please explain your rationale.	
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 Click or tap here to enter text.
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 type="checkbox"/> Yes <input type="checkbox"/> No Where staged decommissioning arises it may make sense to Pro rata but it opens up the question on what TEC numbers go into the DCLF model. Furthermore, given the existing CUSC mechanisms for a User to either temporarily or permanently TEC traded it is not clear that there is a need for WACMI.