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## Code Administrator Consultation Response Proforma

### CMP440: Re-introduction of Demand TNUoS locational signals by removal of the zero price floor

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 [usc.team@neso.energy](mailto:usc.team@neso.energy) by **5pm** on **03 March 2026**.

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 [usc.team@neso.energy](mailto:usc.team@neso.energy)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Colin Paine	
<b>Company name:</b>	ENGIE	
<b>Email address:</b>	Colin.paine@engie.com	
<b>Phone number:</b>	07736 106 961	
<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input checked="" 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)	<input checked="" type="checkbox"/> <b>Non-Confidential</b> (this <u>will be shared</u> with industry and the Panel for further consideration)
	<input type="checkbox"/> <b>Confidential</b> (this will be disclosed to the Authority in full but, unless specified, <u>will not be shared</u> with the 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

\*\*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.

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**For reference, (for consultation question 5 ) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:**

- a) fostering effective competition, non-discrimination and transparency in balancing markets;*
- b) enhancing efficiency of balancing as well as efficiency of national balancing markets;*
- c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;*
- d) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;*
- e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;*
- f) facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;*
- g) facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.*

### 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

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(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 Code Administrator Consultation questions						
1	Please provide your assessment for the proposed solution(s) against the Applicable Objectives against the current baseline.	<p>Mark the Objectives which you believe the proposed solution(s) better facilitates than the current baseline:</p> <table border="1"> <tr> <td>Original</td> <td> <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 </td> </tr> <tr> <td>WACM1</td> <td> <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 </td> </tr> </table> <p>We do not believe the proposed solution better facilitates any of the applicable CUSC objectives.</p>	Original	<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	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
Original	<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					
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					
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference <p>We are not supportive of this change.</p>				
3	Do you support the proposed	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				

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	implementation approach?	We are not supportive of the change.
4	Do you have any other comments?	<p>We understand that CMP440 original and alternative aim to reintroduce a locational signal into TNUoS charges by removing the zero floor from the TNUoS locational demand tariff for Final Demand.</p> <p>We are not supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> <li>• CMP440 could be seen as perversely incentivising customers in negative charging zones to consume during peak periods. This is recognised in the proposed modification variants, both of which include measures to mitigate this effect. This appears to dilute the locational signal the modification is seeking to introduce. The result is an increase in charging complexity for an uncertain outcome.</li> <li>• Additional complexity will be introduced as there would be different charging methodologies (triad vs 4-7pm or annual) for positive and negative charging zones, and zones could flip between the two. This would be difficult to explain to customers, create issues in cost recovery in fixed price contracts and require system changes.</li> <li>• The costs of paying customers credits in negative charging zones are recovered through increases to the Transmission</li> </ul>

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		<p>Demand Residual for all customers, increasing costs for customers not in negative charging zones to their detriment.</p> <ul style="list-style-type: none"> <li>• The changes to the charging methodology would potentially require suppliers to re-open fixed price contracts to recover costs from these consumers at short notice, or to add risk premia to new contracts to recover the cost. This would be a negative experience for consumers.</li> <li>• We believe the issues raised by this modification proposal would be better addressed as part of Reformed National Pricing (RNP). DESNZ and Ofgem should consider this proposal in the context of wider reform rather than in isolation.</li> <li>• Folding this modification into RNP would also avoid a situation whereby changes might be made as a result of CMP440 that were then unwound or adapted with the implementation of RNP, with resulting disruption and costs for consumers.</li> </ul>
5	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No
		We agree with the workgroup's rationale on this point.

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	and conditions held within the Code?	Click or tap here to enter text.
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