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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 cust.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 cust.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	James Knight	
Company name:	Centrica	
Email address:	James.knight3@centrica.com	
Phone number:	07557613126	
Which best describes your organisation?	<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

I wish my response to be:

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(Please mark the relevant box)	<input checked="" type="checkbox"/> Non-Confidential (this <u>will be shared</u> with industry and the Panel for further consideration)
	<input type="checkbox"/> Confidential (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.

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

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- 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 (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 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>WACMI</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>Centrica does not consider that either the Original or WACMI better facilitates the Applicable CUSC (Charging) Objectives relative to the current baseline.</p> <p>While we acknowledge the intent to reintroduce a locational investment signal for demand, we believe it is premature to make such changes ahead of key decisions under the Review of Electricity Market Arrangements (REMA). Locational signals, including demand-side locational pricing, are currently being considered in the round through REMA and the Government's wider spatial planning and system development work. Introducing a new mechanism at this stage risks creating overlapping or duplicative signals, particularly with emerging policy initiatives such as the AI Growth Zones incentive framework, which may themselves influence locational investment decisions.</p> <p>We also have concerns that:</p> <ul style="list-style-type: none"> The Original proposal could unintentionally introduce an operational signal, by encouraging consumption within a narrow set 	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	WACMI	<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					
WACMI	<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					

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		<p>of periods. TNUoS is not intended to drive operational behaviour, and the Original risks distorting consumption patterns in ways not aligned with system needs.</p> <ul style="list-style-type: none"> • The Original implicitly assumes that constraints or surplus renewable generation will occur consistently during current peak periods (e.g., 4–7pm). This is increasingly uncertain with changing wind and solar patterns. Any negative demand charge, if introduced, should logically align with periods of peak renewable output, not arbitrary fixed windows. • Both proposals risk redistributing costs between northern and southern demand customers without adequate justification or clarity on any offsetting benefits (e.g., through reduced balancing costs). No quantitative assessment of these trade-offs has been provided. <p>Given these uncertainties and the risk of unintended consequences, particularly for customers on fixed contracts who would have limited notice, we do not consider the proposals to improve cost reflectivity, competition, or efficiency.</p> <p>Therefore, we consider that neither the Original nor WACM1 better facilitates Objectives (a)–(h).</p>
2	Do you have a preferred proposed solution?	<p><input type="checkbox"/>Original</p> <p><input type="checkbox"/>WACM1</p> <p><input checked="" type="checkbox"/>Baseline</p> <p><input type="checkbox"/>No preference</p> <p>We support retaining the current baseline. Any reform to demand-side locational signals should be considered only once REMA, spatial planning, and related government initiatives have concluded and a coherent, whole-system approach to locational signals is established.</p>

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3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>The implementation timeline provides insufficient notice to suppliers and customers—particularly those with fixed-price contracts. The risk of sudden increases to standing charges or other pass-through costs is material, and would be difficult to manage without undermining customer trust or contract stability.</p> <p>Given the magnitude of potential customer impacts, changes of this type should only occur following an orderly consultation process aligned with wider market reform timelines.</p>
4	Do you have any other comments?	<p>We note wider concerns about potential increases to already-high standing charges, which continue to be a significant source of customer dissatisfaction. Any further upward pressure on standing charges, particularly through rapid and uncoordinated changes to the charging framework, should be avoided.</p> <p>We reiterate that locational charging reform is an area of active government consideration under REMA and spatial planning work. It would not be proportionate or efficient to progress this modification in isolation without understanding the full policy landscape.</p>
5	Do you agree with the Workgroup's assessment that the modification does not	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	