

**CMP456: Cost recovery for
legacy plant in relation to
GC0168**
**CMP466: CMP456 Consequential
Charging Modification**

Workgroup 3, 22 April 2026

Online Meeting via Teams

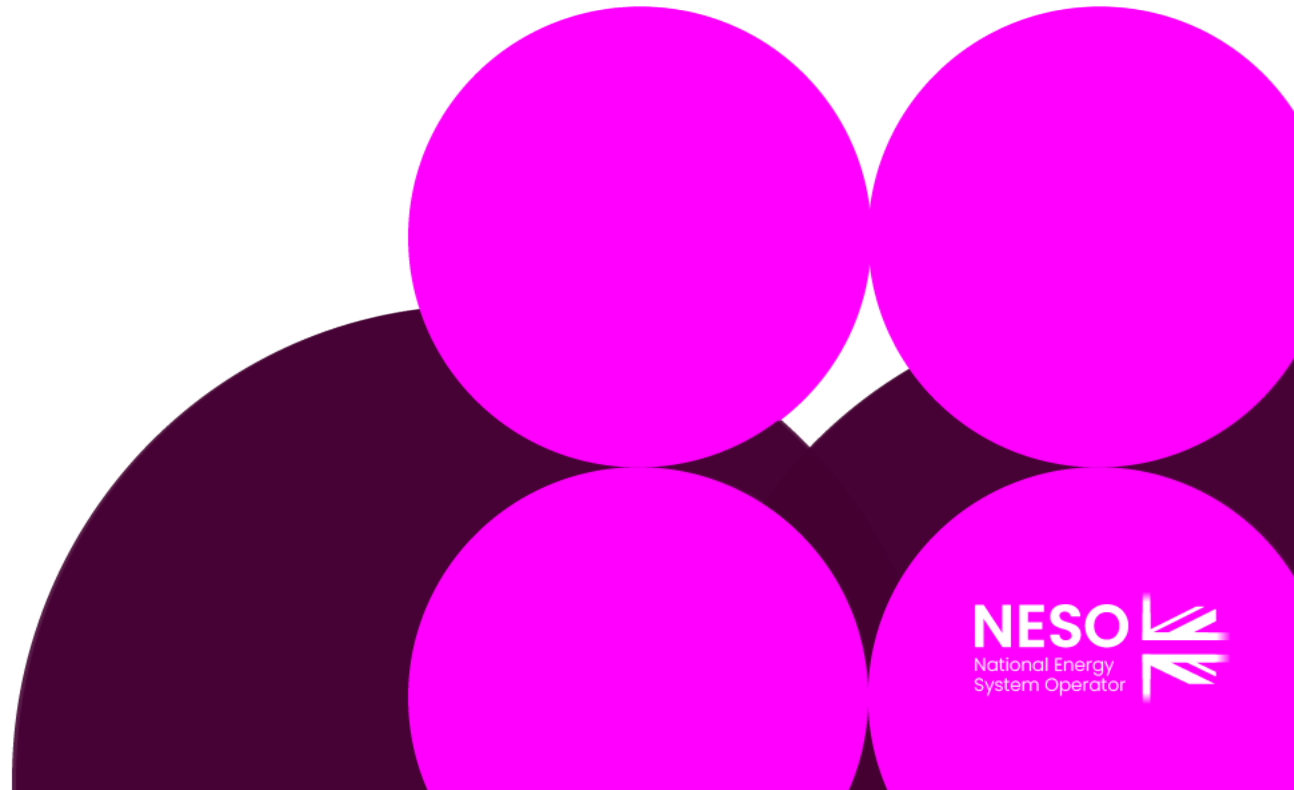
WELCOME

Agenda

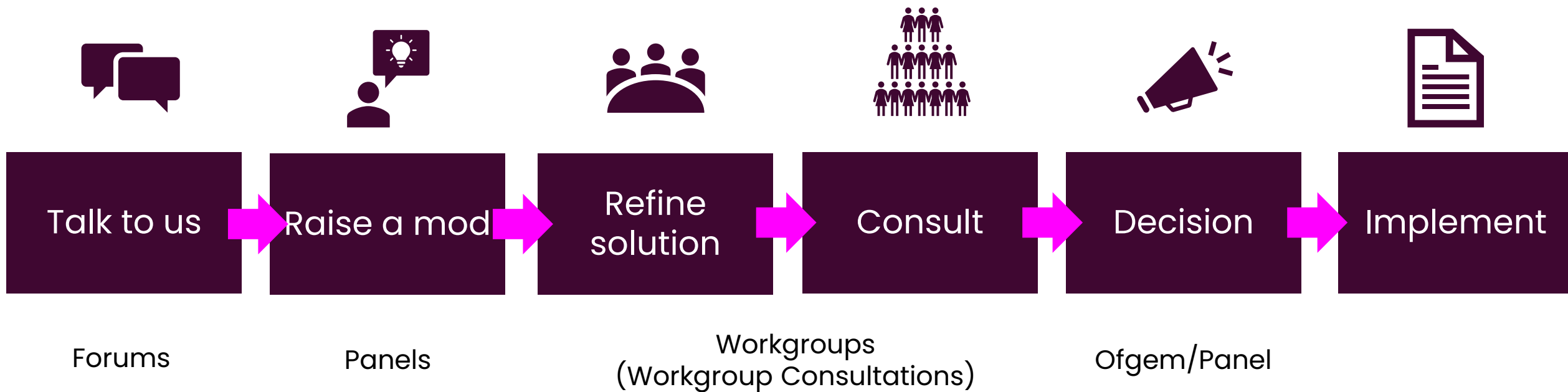
Topics to be discussed	Lead
Introductions	Chair
Actions Review	Chair/ All
BSUoS Tariffs (CMP466)	TE
Workgroup Consultation Discussion	All
Any Other Business	Chair
Next Steps	Chair

Modification Process

Kat Higby – NESO Code Administrator

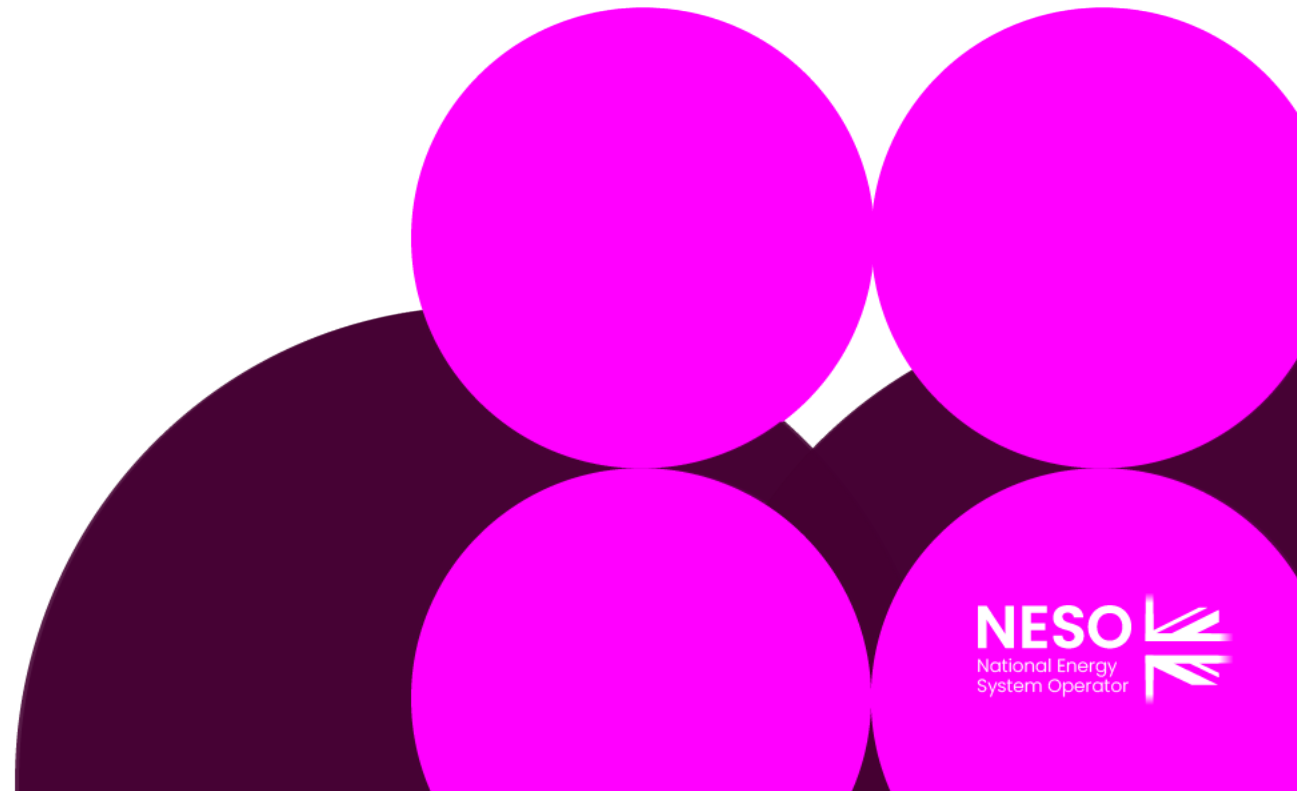


Code Modification Process Overview



Workgroup Responsibilities and Membership

Kat Higby – NESO Code Administrator



Expectations of a Workgroup Member

Contribute to the discussion

Be respectful of each other's opinions

Language and Conduct to be consistent with the values of equality and diversity

Do not share commercially sensitive information

Be prepared – Review Papers and Reports ahead of meetings

Complete actions in a timely manner

Keep to agreed scope

Email communications to/cc'ing the .box email

Your Roles

Help refine/develop the solution(s)

Bring forward alternatives as early as possible

Vote on whether or not to proceed with requests for Alternatives

Vote on whether the solution(s) better facilitate the Code Objectives

Workgroup Membership – CMP456

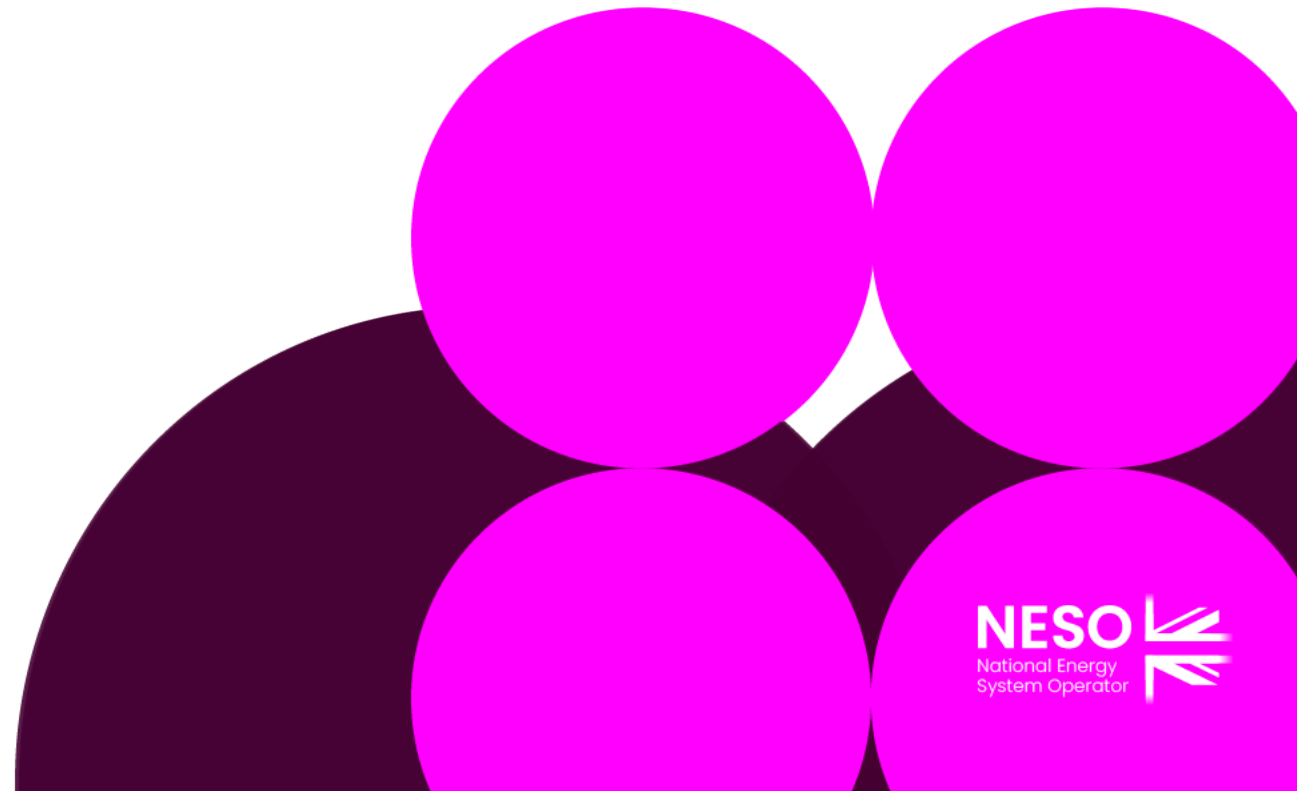
Role	Name	Company
Proposer	Tim Ellingham	RWE
Workgroup Member	Caitlin Butchart	InterGen (Needs Schedule 1 confirmation)
Workgroup Member	Garth Garham	SSE Generation
Workgroup Member	Isaac Guterrez	ScottishPower Renewables
Workgroup Member	Jack Purchase	NGED
Workgroup Member	Oliver Xing	Orsted
Workgroup Member	Paul Youngman	Drax
Workgroup Member	Ross Strachan	EDF-PS
Workgroup Member	Sean Gauton	Uniper
Workgroup Member	Utkarsh Agarwal	ESB Generation
Observer	Gopi Yericherla	NESO
Observer	Chris Smith	Natural Power Consultants Ltd
Authority Representative	Ghulam Haider	Ofgem

Workgroup Membership – CMP466

Role	Name	Company
Proposer	Tim Ellingham	RWE
Workgroup Member	Caitlin Butchart	InterGen (Needs Schedule 1 confirmation)
Workgroup Member	Garth Graham	SSE Generation
Workgroup Member	Isaac Guitierrez	ScottishPower Renewables
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Observer	Gopi Yericherla	NESO
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Authority Representative	Ghulam Haider	Ofgem

Timeline

Kat Higby– NESO Code Administrator



Timeline for CMP456 and CMP466 as at 25 February 2026

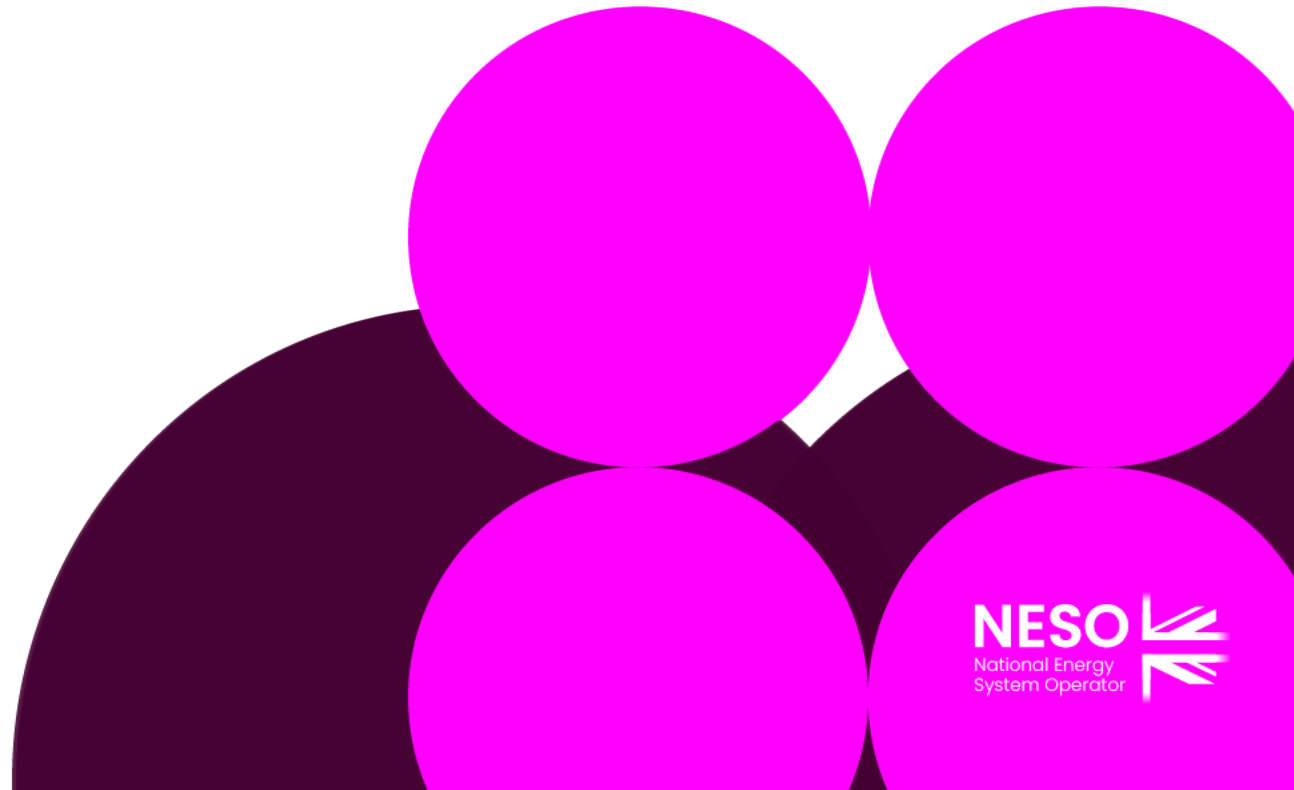
Pre-Workgroup		
Proposal raised	19/06/2025	
Proposal submitted to Panel	12/12/2025	
Workgroup Nominations	15/12/2025 to 08/01/2026	
Urgency Decision	16/01/2026 – Rejected	
Workgroups		
Workgroup 1	25/02/2026	Objectives and Timeline/Review and Agree Terms of Reference / Proposer presentation
Workgroup 2	18/03/2026	Solution Development / Workgroup Discussions
Workgroup 3	22/04/2026	Discussions on BSUoS / Workgroup Consultation Review
Workgroup Consultation	29/04/2026 – 20/05/2026	
Workgroup 3	26/05/2026	Review of Workgroup Consultation Responses / Alternative Requests Discussion/Review Solution Position
Workgroup 4	10/06/2026	Alternative Requests Presentations and Vote (if required) / Final Workgroup Report Review / ToR Sign-off / Final Legal Text Review (WACMS legal text)

Timeline for CMP456 and CMP466 as at 25 February 2026

Post Workgroups		Key info
Workgroup Report submitted to Panel	18/06/2026	
Panel to agree whether ToR have been met	26/06/2026	
Code Administrator Consultation	01/07/2026 to 22/07/2026	
Draft Final Modification Report to Panel	20/08/2026	
Panel Recommendation Vote	28/08/2026	
Final Modification to Ofgem	04/09/2026	
Decision Date	TBC	
Implementation Date	TBC	

Actions Review

Kat Higby– NESO Code Administrator



Actions

Action Number	Workgroup Raised	Owner	Action	Comments	Due by	Status
7	WG 2	KH	Revise the timeline and share with the Workgroup	Timeline circulated to Workgroup	WG 3	Propose to close
8	WG 2	TE	Check previous models and share with the Workgroup		WG 3	Open

BSUoS Tariffs

Katie Clark



What are Balancing Service Use of System (BSUoS) charges and who pays them?

What is the charge for?

- The BSUoS charge recovers the cost of day-to-day operation including the cost of balancing the electricity transmission system.

How is it charged?

- Half hourly BSUoS Fixed Tariff £/MWh
- Information on specific charging methodologies for BSUoS are available in Section 14.31 of the [CUSC](#)

Who pays?

- **Final Demand Site (Since April 2023)**
 - Suppliers
 - Directly connected Transmission demand

BSUoS Fixed Tariff Timetable

Publish Final Tariff (FT)

Effective Tariff Period

Draft Tariff

• **Upcoming Publication Dates: Tariffs for 2027/28**

• **September 2026**

- Draft Tariff 9 (Apr 27 – Sep 27)
- Draft Tariff 10 (Oct 27 – Mar 28)

• **December 2026**

- Final Tariff 9 (Apr 27 – Sep 27)
- Final Tariff 10 (Oct 27 – Mar 28)

2026/27											2027/28											2028/29				
Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	Jan 27	Feb 27	Mar 27	Apr 27	May 27	Jun 27	Jul 27	Aug 27	Sep 27	Oct 27	Nov 27	Dec 27	Jan 28	Feb 28	Mar 28	Apr 28	May 28	Jun 28
Fixed Tariff 7 in effect																										
						Fixed Tariff 8 in effect																				
					DT9				FT9	Fixed Tariff 9 in effect																
					FT10				FT10	Fixed Tariff 10 in effect																
																DT11				FT11	Fixed Tariff 11					
																DT12				FT12						

BSUoS Tariff

Individual Simulations

Sample:

1. Wholesale Electricity Trajectory
2. Weather Trajectory
3. Unexpected Event
4. Future Energy Scenario
5. Frequency Control Scenario
6. Progression of Network Upgrades

Prophet Forecast

Persistence Forecast

Scenario Sampling Forecast

Constraint Forecast

Short-term forecast

Long-term forecast

Balancing Cost Forecast

Internal Costs

Over/Under-Recovery Adjustment

Other Costs

BSUoS Volume Forecast

BSUoS Tariff

BSUoS Fixed Tariff Cost Inputs

Balancing Costs Forecast

- Derived from balancing cost model, based on forward curves of GB wholesale electricity as at Tariff setting.

Internal NESO Costs

- Internal costs (allowed revenue) are calculated in the NESO Financial Model

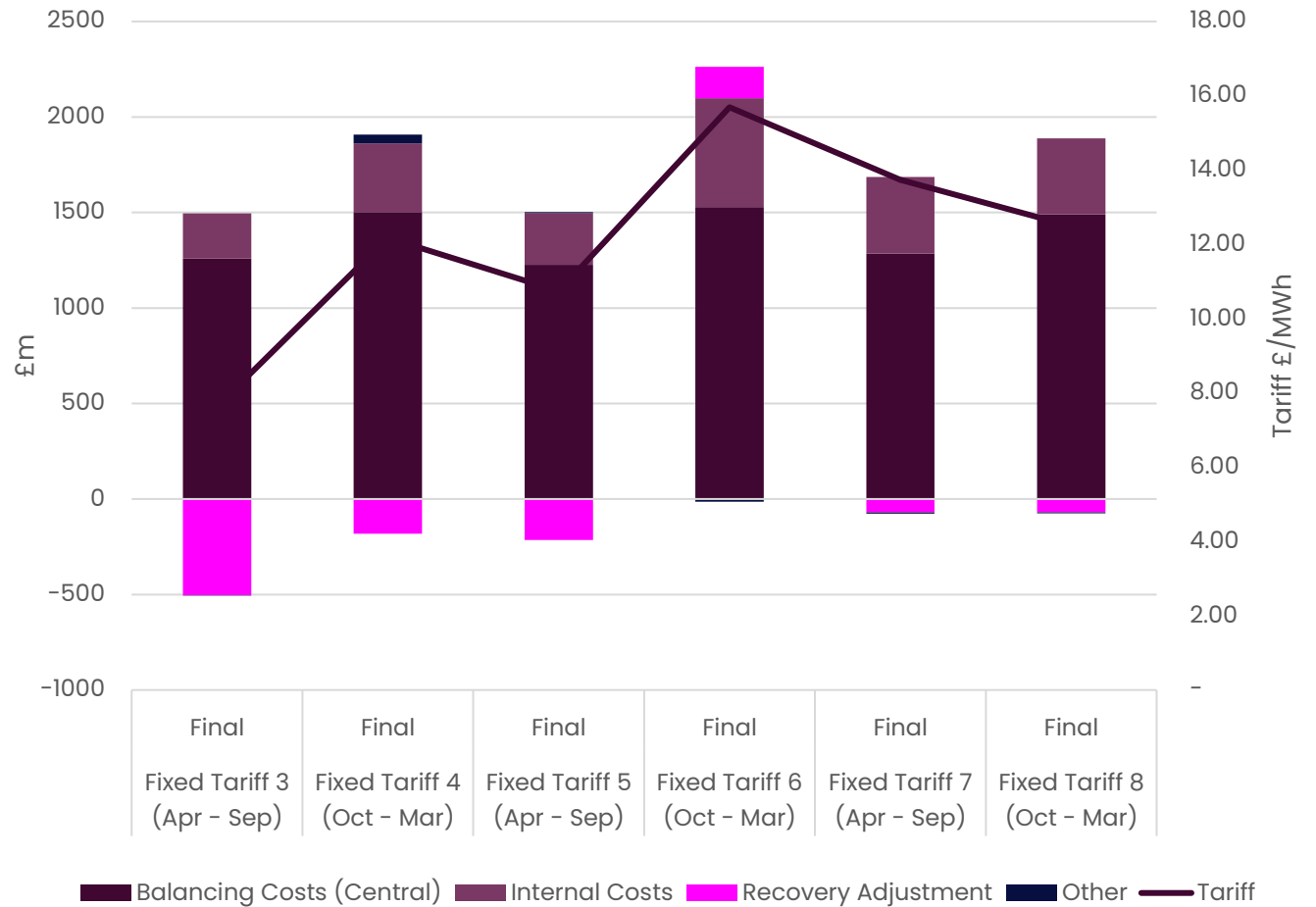
Forecast Over/Under-Recovery

- Final over/under-recovery from previous Fixed Tariff may be included within a Future Fixed Tariff.

Other

- Additional costs that have previously been included in the Fixed Tariffs include:
 - Winter Security of Supply
 - Impacts of CUSC Modifications
 - Additional uncertainties

BSUoS Tariff Cost Inputs (£m)



Example Other Costs

Latest Fixed Tariffs 7 and 8
(Apr 26 – Mar 27)
included £12.1m reduction
in other costs.

RF Income Adjustment

- £23.2m negative adjustment for RF income from 2023/24 and 2024/25.

SO-TO Costs

- £4.0m forecast for additional SO-TO outage costs.

Prior Year Costs

- £7.1m relating to prior-year ancillary services and trading costs.

CMP398

- This modification was required to implement Grid Code Mod 0156 by providing a cost recovery mechanism for CUSC parties who do not hold contracts with NESO to provide Restoration Services.
- No claims were submitted in the September 2024 or September 2025 windows, so no payments are due for 2025/26 and the 2026/27 charge is currently forecast at £0m.
- A forecast of £48m is expected to be charged between April 2027 and March 2028.

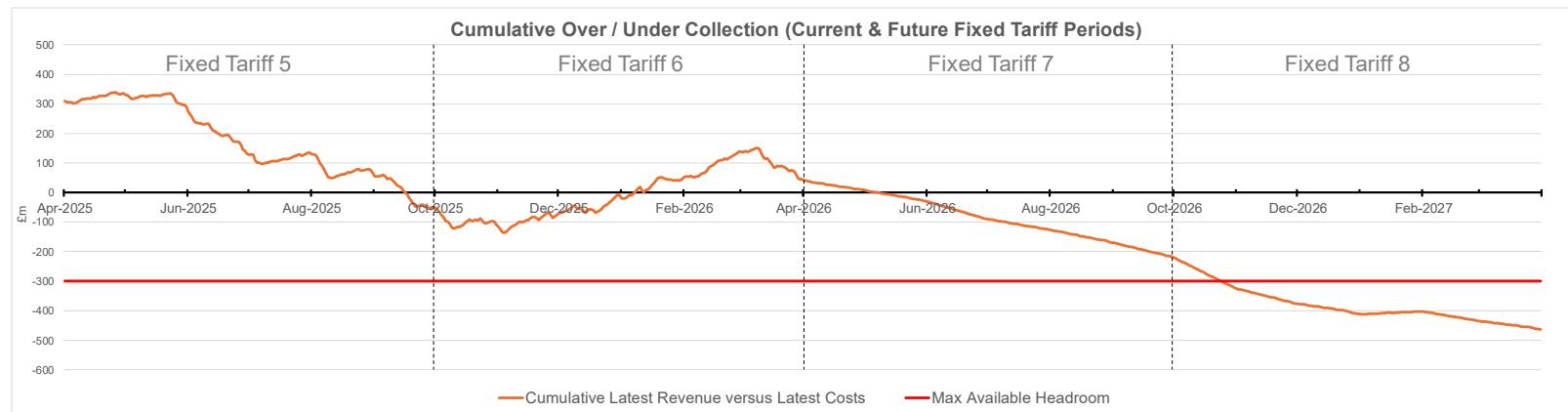
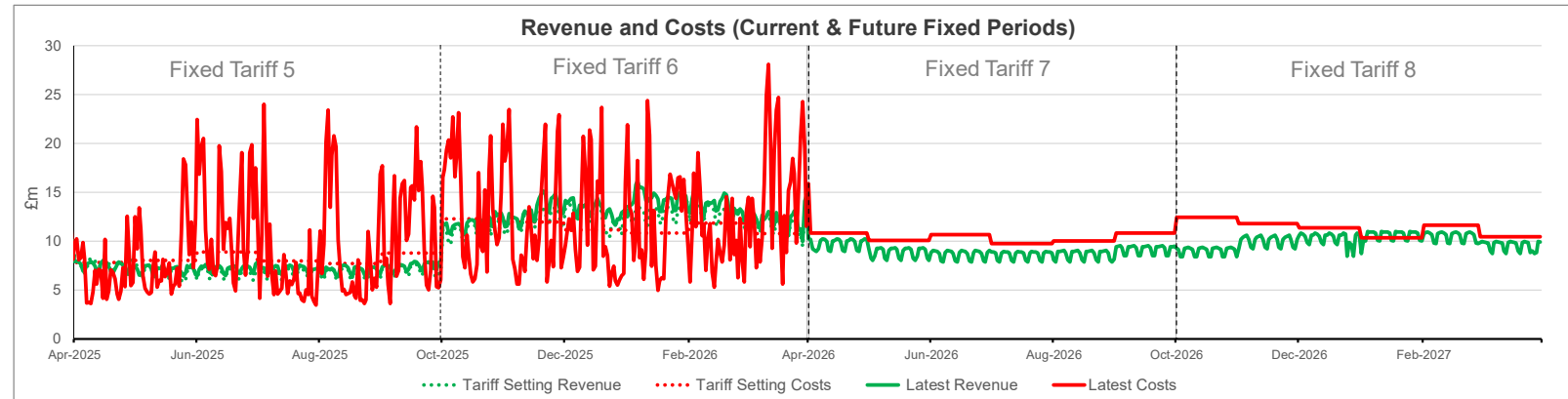
Over/Under Recovery of Charges

The latest over/under-recovery of data is based on the latest of:

- Control Room Data (+1 WD)
- II Cost and Volume Data (+5 WD)
- SF Cost and Volume Data (+16 WD)
- Monthly BSUsO Forecast (15th of each month)

Today's Date	02/04/2026
Latest Revenue in Fixed Period to date	10,245,043,279
Latest Costs in Fixed Period to date	10,204,918,080
Over / (Under) Recovery to Date	40,125,199

Last date Control Room data available	01/04/2026
Last date II data entered	22/03/2026
Last date SF data entered	05/03/2026
Latest published forecast	April 26



Next BSUoS Tariff Publications

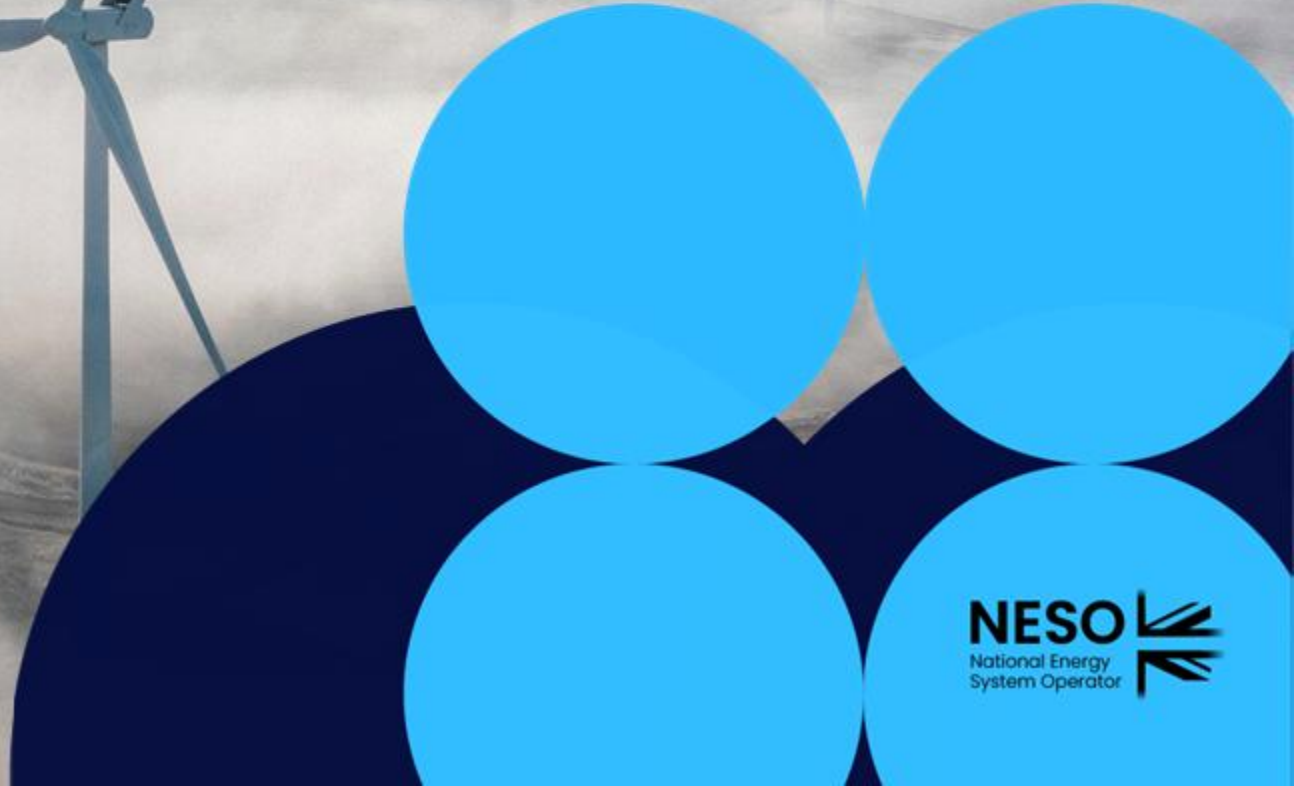
September
2026

Publish Draft Tariffs 9 and 10

December
2026

Publish Final Fixed Tariff 9 and 10
(Apr 27 – Sep 27 and Oct 27 – Mar 28)

Appendix



Published Fixed BSUoS Tariffs

Final Tariffs – 2025/26

Financial Year 2025/26 – Tariff 5 – Final			
	Description	Final Tariff	
Fixed Tariff 5 Apr–Sep	Balancing Costs (Central) £m	1,225.5	
	Internal Costs £m	271.9	
	Cumulative forecast over-recovery by end of FT 3, less any adjustment already made in FT 4 £m	-215.0	
	CMP398 Claims £m	4.3	
	Total BSUoS £m	1,286.6	
	Estimated BSUoS Volume TWh	119.8	
	BSUoS Tariff £/MWh	£10.74	
	Financial Year 2025/26 Fixed Tariff 6		
		Description	Final Tariff
Fixed Tariff 6 Oct–Mar	Balancing Costs (Central) £m	1,528.0	
	Internal Costs £m	569.7	
	Forecast cumulative over-recovery to the end of Fixed Tariff 5 £m	164.3	
	CMP398 Claim Forecast £m	-4.3	
	Prior Year Cost Under-Recovery	4.5	
	RF Income Adjustment	-14.0	
	Winter Security of Supply £m	0.0	
	Total BSUoS £m	2,248.2	
	Estimated BSUoS Volume TWh	143.3	
BSUoS Tariff £/MWh	£15.69		

Final Tariffs – 2026/27

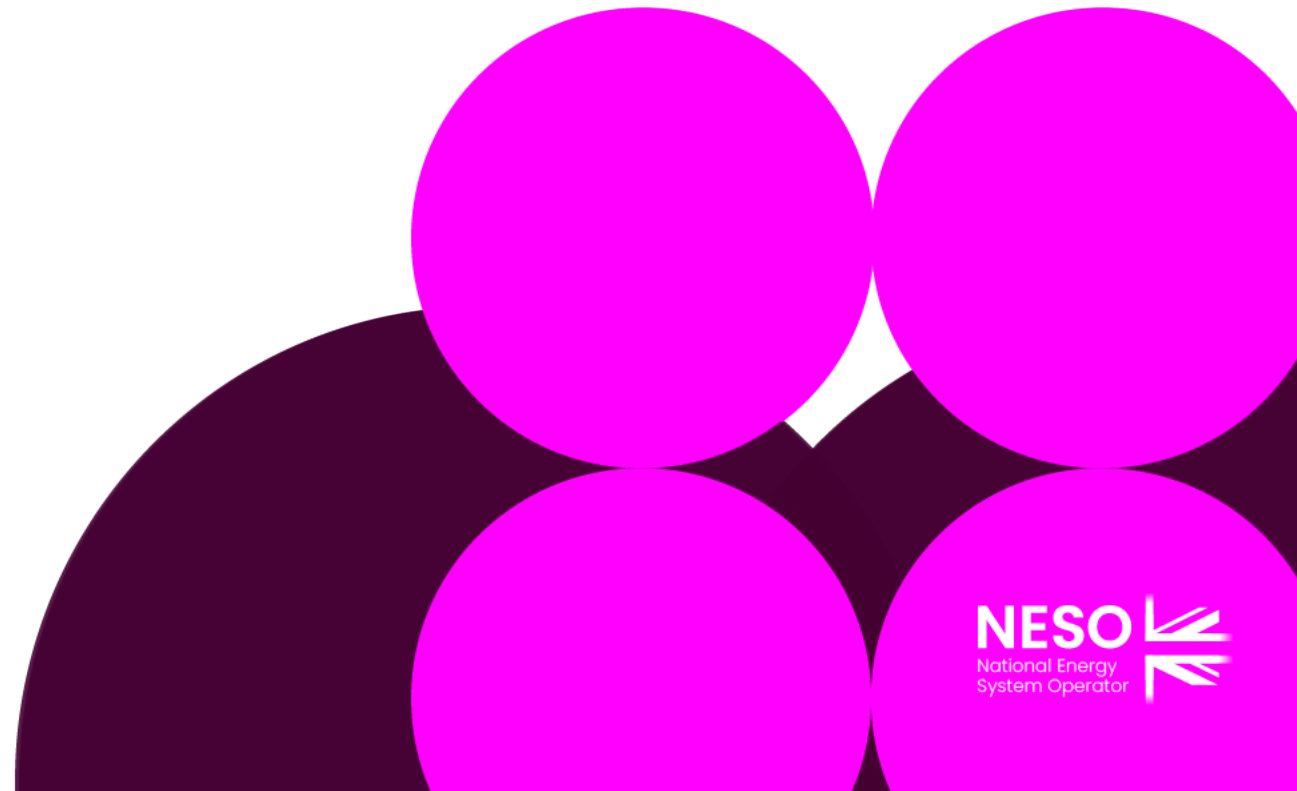
Financial Year 2026/27 – Fixed Tariff 7 – Final Tariffs		
	Description	Final Tariffs
Fixed Tariff 7 Apr 26 – Sep 26	Balancing Cost Forecast £m	1,285.2
	Internal Costs £m	400.0
	Forecast over-recovery to the end of FT6, split between FT7 and FT8 £m	(69.8)
	CMP398 Costs £m	-
	RF Income Adjustment £m	(11.6)
	SO-TO Costs £m	2.0
	Prior Year Costs £m	3.5
	Total Costs £m	1,609.3
	BSUoS Volume Forecast TWh	117.1
BSUoS Tariff £/MWh	13.74	
Financial Year 2026/27 – Fixed Tariff 8 – Final Tariffs		
	Description	Final Tariffs
Fixed Tariff 8 Oct 26 – Mar 27	Balancing Cost Forecast £m	1,489.8
	Internal Costs £m	397.8
	Forecast over-recovery to the end of FT6, split between FT7 and FT8 £m	(69.5)
	CMP398 Costs £m	-
	RF Income Adjustment £m	(11.6)
	SO-TO Costs £m	2.0
	Prior Year Costs £m	3.5
	Total Costs £m	1,812.0
	BSUoS Volume Forecast TWh	145.0
BSUoS Tariff £/MWh	12.49	

BSUoS Publication Summary

Frequency	Publication Date	Title	Description	Link to Webpage	Webpage Location
Daily	Daily	Daily Web Prices	II and SF cost data at half-hourly granularity	Balancing Services Use of System (BSUoS) charges National Energy System Operator	Current BSUoS Data
Weekly	Fridays	Revenue vs Cost Report	Daily II, SF, and forecast cost and volume data, and daily over/under-recovery		Current BSUoS Data
Monthly	15 of each month	Monthly BSUoS Forecast	Monthly forecast for the next 24 months		BSUoS Monthly Forecast
Monthly	15 of each month	Monthly Outturn Report	Monthly outturn report for the previous 12 months		BSUoS Monthly Forecast
Annual	September 2026	BSUoS Draft Tariff Report	Draft Tariffs for 2027/28 (Tariffs 9 and 10), to be followed by industry webinar	Balancing Services Use of System (BSUoS) charges National Energy System Operator	BSUoS Tariffs
Annual	December 2026	Final BSUoS Tariff Report	Final Tariffs for 2027/28 (Tariffs 9 and 10), to be followed by industry webinar		BSUoS Tariff
Annual	2026	Annual Balancing Cost Report	This report provides a look back on recent balancing cost trends and drivers and provides a broad view of potential future balancing costs along with NESO's role in minimising costs.	Balancing costs National Energy System Operator	

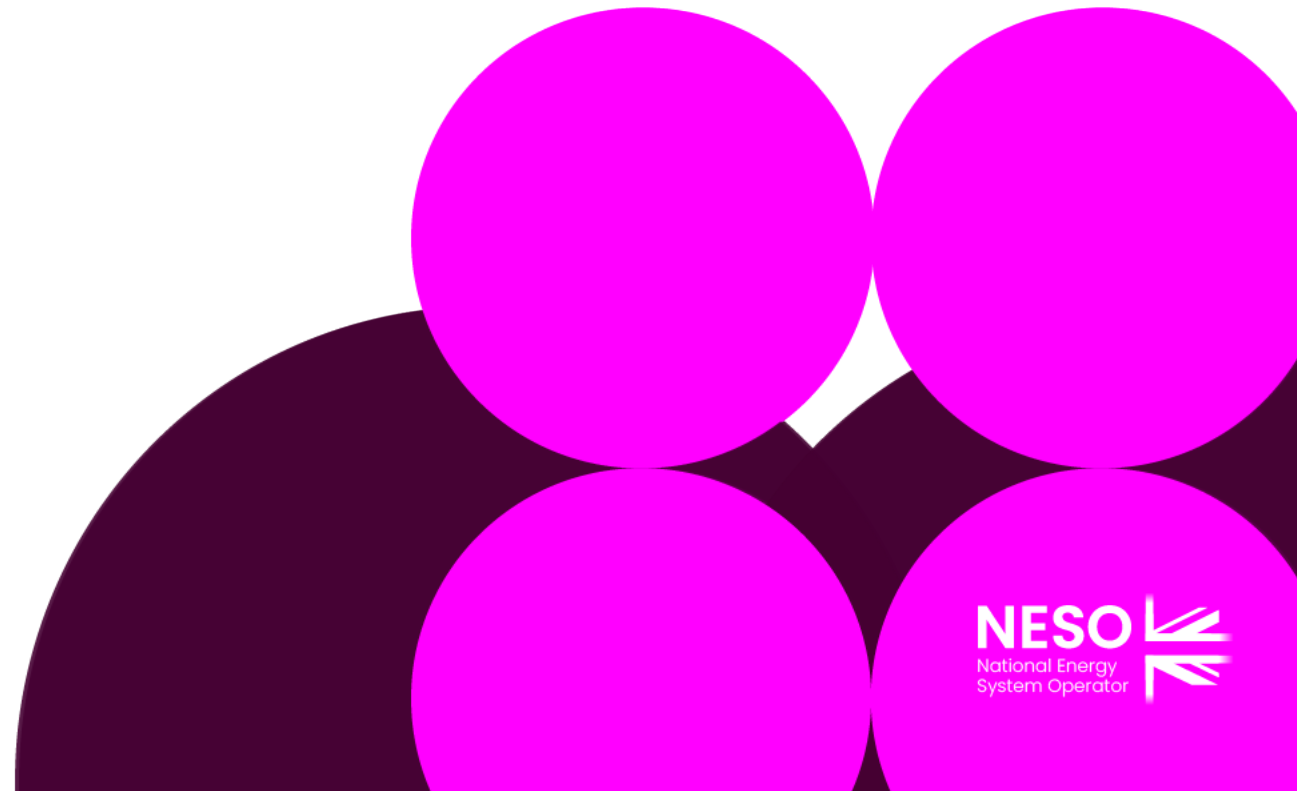
Workgroup Consultation Review

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Any Other Business

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Next Steps

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