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Workgroup Consultation Response Proforma

CMP417: Extending principles of CUSC Section 15 to all Users

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 cusc.team@neso.energy by **5pm** on **06 February 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 cusc.team@neso.energy.

Respondent details	Please enter your details	
Respondent name:	Steve Halsey	
Company name:	UK Power Networks	
Email address:	Steve.halsey@ukpowernetworks.co.uk	
Phone number:	07875 116241	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input checked="" type="checkbox"/> Distribution Network Operator <input 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 Panel or the industry for further consideration)

For reference the Applicable CUSC (non-charging) Objectives are:

- i. The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;
- ii. Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;
- iii. Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and
- iv. Promoting efficiency in the implementation and administration of the CUSC arrangements.

* See Electricity System Operator Licence

**The Electricity Regulation referred to in objective (iii) 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, 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;

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- 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.

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions

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1	Do you believe that the Original Proposal and/or any potential alternatives better facilitate the Applicable Objectives versus the current baseline?	<p>Mark the Objectives which you believe original Solution better facilitates than the current baseline:</p> <table border="1" data-bbox="612 548 1417 616"> <tr> <td data-bbox="612 548 868 616">Original</td><td data-bbox="873 548 1417 616"> <input type="checkbox"/>i <input type="checkbox"/>ii <input type="checkbox"/>iii <input checked="" type="checkbox"/>iv <input type="checkbox"/>None </td></tr> </table> <p>Yes, UK Power Networks supports the principle of extending a single financial liability methodology to both demand and generation Users.</p> <p>Having a single methodology provides benefits across the industry, not least through simplifying the administration of CUSC. A consistent and a single methodology will likely improve understanding and reduce complexity for customers.</p>	Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None			
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/>Yes</p> <p><input type="checkbox"/>No</p> <p>UK Power Networks supports this approach because the modification will bring all users under the User Commitment Methodology, eliminating the current two-tier system, as it will also transition existing contracts. Once the Authority approves the modification, we expect NESO to develop a detailed timeline for implementation.</p>		
3	Do you have any other comments?	<p>For existing customers currently subject to the Final Sums methodology, there will need to be clear communication regarding the transition to the new methodology. In particular, customers should be given the information to allow them to have a clear understanding of how and when the revised methodology will apply to their projects.</p> <p>Given our understanding that the majority of demand customers are expected to benefit from this proposal, UK Power Networks considers that, if approved, the modification should be implemented as quickly as possible.</p>		
4	Do you wish to raise a Workgroup	<p><input type="checkbox"/>Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/>No</p>		

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	Consultation Alternative Request for the Workgroup to consider?	UK Power Networks is satisfied with the proposed solution.
5	Does the draft legal text satisfy the intent of the modification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>UK Power Networks comments on Section 15 Part 2 Para 9.</p> <p>UK Power Networks believes there is a definition missing for the defined term “Security Arrangements” referenced in Para 9.2.2. There is no such definition in Section 11 of the Connections and Use of System Code. There was a section on “Security Arrangements” in the Construction Agreement (Schedule 2 Exhibit 3, Part 2), which has now been struck through. We would recommend a definition is either included in Section 11 or in the Construction Agreement template at Schedule 2 Exhibit 3 Part 1.</p> <p>There is also a minor grammatical error - there should be a colon after paragraph 9.2.</p> <p>Although we have noted the above points, once corrected, we are satisfied that the draft legal text reflects the intent of the modification.</p>
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>UK Power Networks is satisfied with the workgroups assessment that the modification does not impact the Electricity Balancing Regulation Article 18 terms and condition.</p>

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Specific Workgroup Consultation questions

7	Do you support the inclusion of wider cancellation liability for Demand projects? (please provide details in your response)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <hr/> <p>Yes, UK Power Networks supports the inclusion of wider cancellation liability for demand projects. Whilst this was not included in the original proposal, workshop discussions and market evidence have sufficiently demonstrated that applying wider cancellation liability equitably to demand projects is appropriate.</p>
8	Do any parts of the solution require additional clarification?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <hr/> <p>Further clarification is required in relation to the transitional arrangements for customers affected by the move from the Final Sums methodology to the revised approach.</p>
9	Is it clear how the Demand Capacity figure should be calculated and provided to NESO?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <hr/> <p>Yes, it is clear how the Demand Capacity figures are calculated; however, UK Power Networks considers that</p>

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		guidance on the use of MW rather than MVA for demand needs to be clearly defined and provided to all Users.
10	Do you believe any projects could be adversely impacted by this proposal?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <hr/> <p>UK Power Networks does not believe that demand customers, who meet their contractual obligations, will be adversely affected by this proposal.</p>
11	Do you agree with the proposal to have one security statement for hybrid sites (combined generation and demand), and do you see this posing any potential issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <hr/> <p>This is the preferred option, and we are not aware of any potential issues arising from the use of a single security statement for hybrid sites.</p>