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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:	Martin Cahill	
Company name:	NESO	
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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 type="checkbox"/> Supplier <input checked="" 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:

(Please mark the relevant box)

☒ **Non-Confidential** (*this will be shared with industry and the Panel for further consideration*)

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☐ **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;
- 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;

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- 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

1	Do you believe that the Original Proposal and/or any potential alternatives better	Mark the Objectives which you believe original Solution better facilitates than the current baseline:	
		Original	<input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None

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	facilitate the Applicable Objectives versus the current baseline?	<p>ii) Extending Section 15 to all users provides a more level playing field for demand Users. In the existing methodology it is possible to have disproportionately high securities because there is no process to apply sharing factors for reinforcement works which are required by more than one user. The Original Proposal would apply the User Commitment principles to demand, meaning that securities and liability more accurately reflect the 'share' of works triggered by a project.</p> <p>iv) The Original Proposal would bring all Users under CUSC section 15. Having requirements for all users in the same section provides greater efficiency, both in administering CUSC arrangements, and in applying any potential future changes.</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Implementing for the January 2027 securities run is the cleanest option for implementation whilst reducing the impact on Users who may face increased security requirements without this change.</p>
3	Do you have any other comments?	No
4		<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)

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	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input checked="" type="checkbox"/> No 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 Yes, although there are some further improvements which can be made to give greater clarity which will be shared with workgroup following the WG consultation.
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 Click or tap here to enter text.

Specific Workgroup Consultation questions

7	Do you support the inclusion of wider cancellation liability for Demand projects? (please provide	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No We believe that the inclusion of the wider cancellation charge is appropriate. The view from our operational
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	details in your response)	<p>teams is that large demand can have as much impact on wider network reinforcement as generation, therefore it is appropriate that demand also secures wider capex spend, proportionate to the size of the connection.</p> <p>This also keeps alignment with generation, whilst the examples we have shared show that the wider liability is typically much smaller than attributable.</p>
8	Do any parts of the solution require additional clarification?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>
9	Is it clear how the Demand Capacity figure should be calculated and provided to NESO?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We believe that this is now clear following discussion with workgroup for direct connections, embedded connections, and DNO specific works</p>
10	Do you believe any projects could be adversely impacted by this proposal?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>From the analysis we have carried out to date, liability has always reduced in comparison to Final Sums. Even if a project had a higher liability under User</p>

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		Commitment, security requirements would still reduce significantly post-trigger.
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>We are in favour of keeping the process for this as simple as possible.</p>