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Code Administrator Meeting

Summary

Workgroup Meeting 3: CMP475: Amendment to the BSUoS tariff reset process

Date: 11 May 2026

Contact Details

Chair: Robert Hughes, robert.hughes3@neso.energy

Proposer: Alex Curtis, alex.curtis@neso.energy

Key areas of discussion

Workgroup 3 covered a presentation of the legal text by the Proposer, and a review of the Workgroup Consultation led by the Chair.

Objectives and Timeline

The Chair presented the timeline explaining that the Workgroup is moving quickly, currently in Workgroup 3, with Workgroup 4 on Friday 15 May the last meeting before the Workgroup consultation, which will only be open for four business days instead of the usual fifteen due to the Modification being granted Urgency by the Authority.

Legal text

The Proposer led a detailed walkthrough of the proposed legal text changes for CMP475, with the Workgroup contributing questions and suggestions, particularly around the introduction of a top-up tariff, the criteria for what is 'realistic and reasonable,' and clarifying NESO's decision-making authority.

- **Overview of Proposed Solution:** The Proposer explained that the CMP475 solution allows NESO to proactively reset tariffs if the working capital facility is forecasted to be exceeded and introduces a top-up tariff to recover the working capital towards a neutral position, aiming to minimize market disruption.
- **Legal Text Amendments:** The Proposer described the main legal text changes, including enabling tariff resets ahead of breaching the -£300m limit and allowing recovery towards neutrality rather than just holding the position, with most changes focused on section 14.3115 onwards.
- **Clarification of 'Realistic and Reasonable':** Several Workgroup members raised questions about who determines what is 'realistic and reasonable' for recovery to zero. The Proposer clarified that NESO would make this decision. The Workgroup suggested the Legal text should explicitly state NESO's authority to avoid ambiguity and discussed the need for Legal text to clarify that NESO's decisions on reasonableness must themselves be

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reasonable, referencing past legal language and agreeing to review and possibly include such criteria.

The Chair outlined that the Legal text is available in the CMP475 collaboration space for Workgroup review and comments until close of business Wednesday.

Workgroup Consultation

The Chair presented the draft Workgroup Consultation report, explaining its purpose, structure, and the process for collecting feedback, with the Workgroup suggesting the inclusion of specific questions around recovery to zero and the criteria for reasonableness.

- **Purpose and Structure of the Report:** The Chair explained that the draft Workgroup Consultation report summarises the Workgroup's discussions and current position on the Modification, including an executive summary, problem statement, proposed solution, and key considerations, and is intended to solicit industry feedback.
- **Feedback Process and Timeline:** The Chair shared that the draft Workgroup Consultation report is available in the CMP475 collaboration space for comments until close of business on Wednesday, with a final version to be reviewed and signed off at the next Workgroup meeting before going out for consultation.
- **Consultation Questions Development:** The Workgroup discussed the importance of including both standard and specific consultation questions. For the latter, these related to the 'reset to zero' issue, the appropriateness of recovering to neutral, and the criteria for what is reasonable.
- **Inclusion of Workgroup Member Input:** The Chair emphasised that the Workgroup Consultation report aims to inclusively reflect all Workgroup member contributions and encouraged participants to add comments if they feel their points or the wider discussions have not been adequately captured.

Terms of Reference (ToR)

The Terms of Reference were briefly reviewed, with the Chair noting that, f) impacts and security and safety of the system had not yet been discussed in detail and that the Proposer would be covering this at the next Workgroup meeting. One Workgroup member highlighted that the purpose of the modification is to ensure NESO has sufficient revenue to operate the system efficiently and safely, emphasising that running out of funds could jeopardise system security and safety. The Chair agreed, stressing the importance of spelling out these impacts in the Workgroup Report for clarity to those unfamiliar with the issues, as the Workgroup Report will be submitted to the authority

Any Other Business

None

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Next Steps

The Chair summarised the next steps, including reviewing and commenting on the Legal text and draft Workgroup Consultation report by close of business on Wednesday, preparing for sign-off at the next Workgroup meeting, and addressing the outstanding issue of system security and safety impacts, with the Proposer to provide further input.

Actions (none identified at Workgroup meeting 1, 2 and 3)

Action Number	Workgroup Raised	Owner	Action	Due by	Status

Attendees

Name	Initial	Company	Role
Robert Hughes	RH	NESO	Chair
Andrew Hemus	AH	NESO	Tec Sec
Martin Cahill	MC	NESO	Proposer alternate
Andy Colley	ANC	SSE	Workgroup member alternate
Damian Clough	DC	SSE	Workgroup member
Gareth Evans	GE	Waterswye Associates	Workgroup member
Gregory Edwards	GRE	Centrica	Workgroup member alternate
Karl Maryon	KM	Drax Energy Solutions Limited	Workgroup member
Katie Clark	KC	NESO	SME
Laide Adekanle	LA	Scottish Power	Workgroup member alternate
Louise Hellyer	LH	TotalEnergies Gas and Power	Workgroup member
Pawel Czarnowski	PC	Scottish Power	Workgroup member
William Cartwright	WC	TotalEnergies Gas and Power	Workgroup member alternate