

Joint European Stakeholder Group



Tuesday 12 May 2026
Meeting 91

1. Welcome & Introductions

Independent Chair – Andy Colley

Agenda

	Title	Lead	Time
1.	Welcome & Introductions	Chair	10:00 - 10:05
2.	NTC Commercial Compensation methodology consultation	Elana Byrne (NESO)	10:05 - 10:25
3.	Review of Actions log	Andrew Hemus, Tech Secretary	10:25 - 10:30
4.	Future Meeting Dates & Agenda Items	Andrew Hemus, Tech Secretary	
5.	Stakeholder Representation	Chair	
6.	Any Other Business	All	10:30 - 10:35

2. NTC Commercial Compensation methodology consultation

Elana Byrne (NESO)

Consultation responses

- The consultation was live on the NESO website from **06 March – 17 April 2026**
- It was promoted broadly via Joint European Stakeholder Group meetings, GB Interconnector Forum meetings and distribution lists, NESO's weekly Operational Transparency Forum calls and the public NESO newsletter

Key changes proposed by NESO were:

- Deduplication of content between the Methodology (post-action process) and NTC Calculation Policy (pre-action decision process)
- Clarification points for the compensation calculation and settlement process
- Updates to legacy references

Responses:

- Total responses: **5 + a joint letter from interconnectors**
- Non-confidential responses: **3, all interconnectors**
- Confidential responses: **2**

Summary of key themes

1. Compensation methodology must ensure cost neutrality

Concerns were expressed that the current compensation approach does not always fairly reflect the market value of restricted capacity. Respondents want assurance that parties are kept financially whole and that cost neutrality is genuinely achieved.

2. Frequency of NTC use, as a last resort, for unallocated capacity

Respondents are concerned that Net Transfer Capacity (NTC) and Intraday Transfer Limit (ITL) restrictions are applied too frequently. They believe these tools should only be used when no market-based alternatives exist, as a genuine last resort.

Some respondents noted that use of restrictions on allocated or curtailed capacity would impact markets, e.g. threatening the value of capacity/confidence for users and difficulty determining fair compensation.

Summary of key themes

3. A call for greater transparency on NTC decision-making, information-sharing and adherence to Ofgem's principles in the C28 Derogation

There is a call for greater openness from NESO about why and how NTC and ITL restrictions are applied. Respondents feel that the current explanations are too vague and do not provide enough detail for market participants to understand the reasoning.

Respondents request that NESO provide more detailed information to market participants about NTC and ITL restrictions, including clearer reporting on when and why these tools are used.

Respondents emphasise the importance of NESO adhering to the principles set out by Ofgem in the C28 derogation, especially regarding the use of NTCs and ITLs and the need for transparency and fairness in compensation.

Summary of key themes

4. Industry's need for more engagement, co-ordination and consultation from NESO

Respondents want NESO to engage more actively with industry stakeholders and co-ordinate with cross-border counterparts. Respondents did not want to see compensation decoupled from operational drivers and evidence for restrictions, and there were calls for alignment on governance and consultation for the Methodology and Calculation Policy.

Respondents believe ongoing dialogue is needed to improve transparency and to develop alternative solutions that reduce reliance on non-market-based balancing options.

5. Exploration of alternative market-based solutions

There is support for NESO to investigate and develop new market-based approaches to managing interconnector flows, reducing the need for non-market interventions like NTC and ITL restrictions.

Next steps

- NESO are assessing responses for any additional changes to the Methodology as a result of the responses, with any clarifications being sought from respondents.
- Further engagement with industry expected for June's JESG
- Longer-lead developments are also being identified from the responses, e.g. engagement and information-sharing
- Engagement with Ofgem is ongoing via progress updates on the Methodology consultation report, due for submission in July
- The Methodology consultation report is being drafted alongside a submission for a renewed C1 derogation for continued use of NTC without market-based procurement
 - The current derogation is due to expire 30 September 2026

3. Review of Actions log

Andrew Hemus
JESG Technical Secretary

JESG Standing items

ID	Topic	Lead Party
S1	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S2	Prepare a commentary / comparison document between the Network Code and the existing GB arrangements at appropriate stages in the Code development for each Network Code.	NGET / Ofgem / DESNZ
S3	Share any intelligence about how other member states are approaching demonstrating compliance through information gained from other government departments, regulators or parent companies.	DESNZ / Ofgem / Industry parties with European parent companies

JESG Open Actions

ID	Topic	Lead Party	Status	Update
26-1	Update a future JESG meeting on the NESO NTC derogation which expires 30 September 2026.	NESO	Open	NESO presented an overview of the consultation responses received from the recent NTC consultation at the May JESG. A further update will be presented in coming months on the timeline and next steps.
26-2	Investigate what EU rules have and have not been retained, and what has changed including through recent Code Modifications.	NESO	Open	
26-3	Update a future JESG with DESNZ engagement plan on the UK's potential participation in the EU's Internal Electricity Market.	DESNZ	Open	

4. Future Meeting Dates & Agenda Items

Andrew Hemus
JESG Technical Secretary

JESG Meetings for 2026

- [JESG calendar email invites can be downloaded here.](#)
- Stakeholders are invited to put forward agenda items for the forthcoming JESG meetings:

Meeting Date	Proposed Agenda Items
Tuesday 13 January	Cancelled
Tuesday 10 February	
Tuesday 10 March	
Tuesday 14 April	Cancelled
Tuesday 12 May	
Tuesday 9 June	
Tuesday 14 July	
Tuesday 11 August	
Tuesday 8 September	
Tuesday 13 October	
Tuesday 10 November	
Tuesday 8 December	

5. Stakeholder Representation

All

6. AOB