

CMP475: Amendment to the BSUoS tariff reset process

Workgroup 5, 28 May 2026

Online Meeting via Teams

WELCOME

Agenda

Topics to be discussed	Lead
Introductions	Chair
Objectives and Timeline	Chair
Workgroup Consultation Responses Discussion	Chair
Terms of Reference	All
Any Other Business	Chair
Next Steps	Chair

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

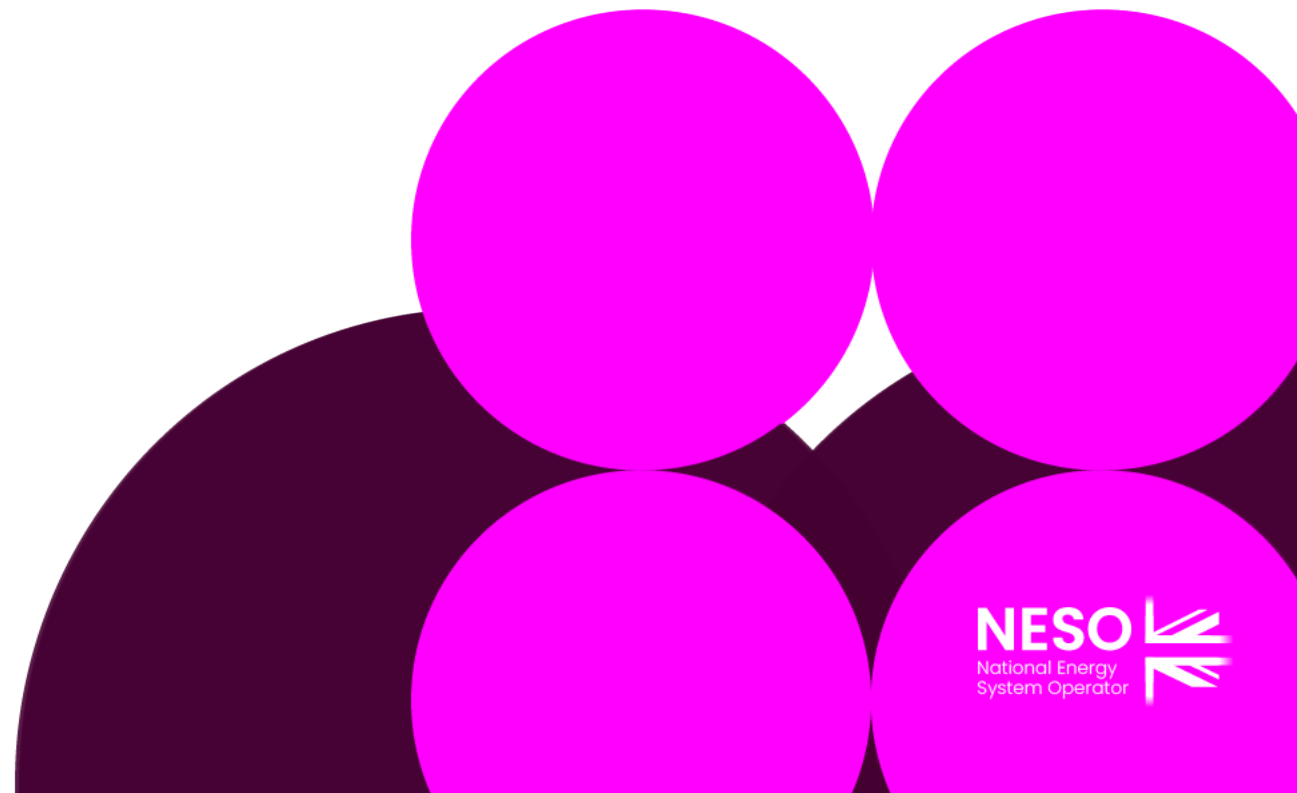
Vote on whether the solution(s) better facilitate the Code Objectives

Workgroup Membership

Role	Name	Alternate	Company
Proposer	Alex Curtis	Martin Cahill	NESO
Workgroup Member	Damian Clough	Andy Colley	SSE
Workgroup Member	Gareth Evans	Andrew Green	Waterswye Associates (nominated by Corona Energy)
Workgroup Member	James Knight	Gregory Edwards	Centrica
Workgroup Member	Karl Maryon	Paul Youngman	Drax Energy Solutions Limited
Workgroup Member	Louise Hellyer	William Cartwright	TotalEnergies Gas And Power
Workgroup Member	Pawel Czarnowski	Komal Brown	Scottish Power
Authority Representative	Ghulam Haider	David Tooby	Ofgem

Objectives and Timeline

Robert Hughes – Workgroup Chair

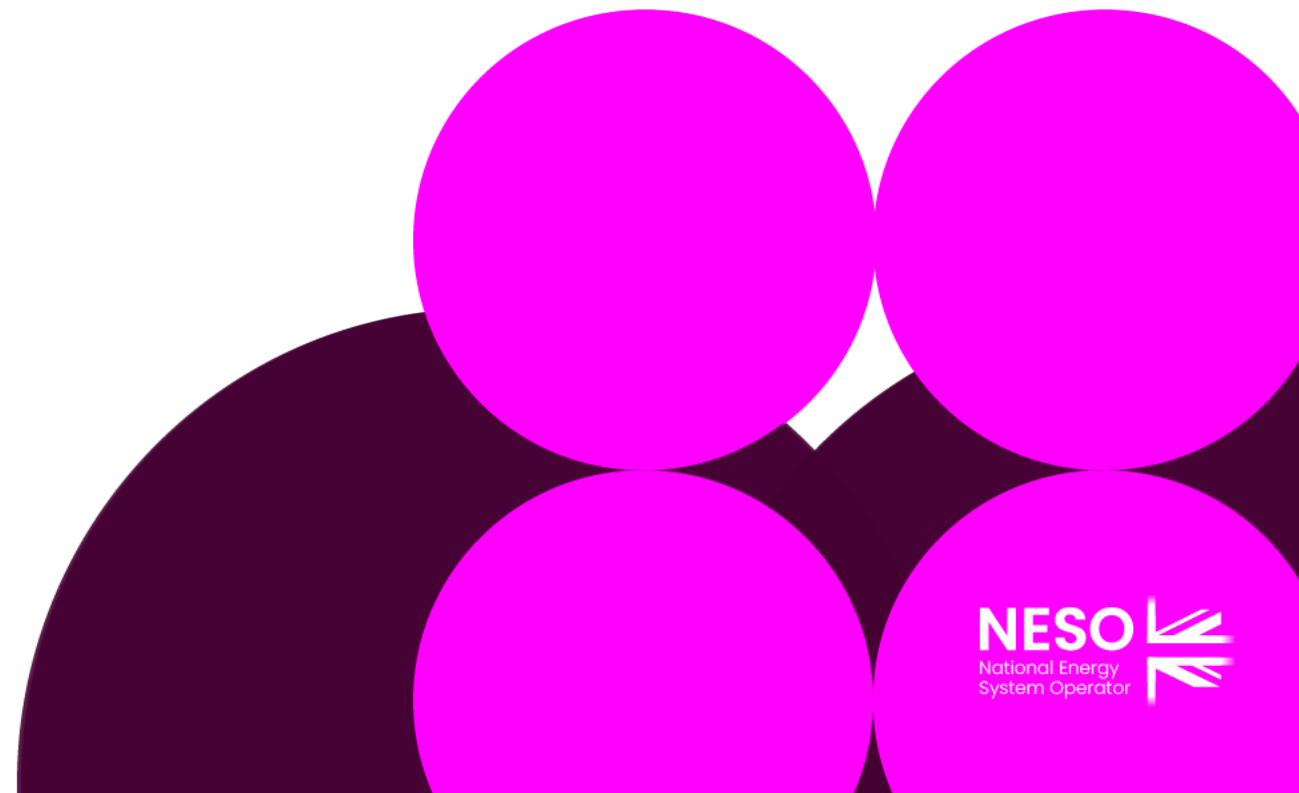


Urgent Timeline for CMP475 as at 21 April 2026

Milestone	Date	Milestone	Date
Modification presented to Panel	21 April 2026	Workgroup report issued to Panel	16 June 2026
Workgroup Nominations (4 Business Days)	21 April 2026 to 27 April 2026	Panel sign off that Workgroup Report has met its Terms of Reference	19 June 2026
Ofgem grant Urgency Ideally maximum of 3 Business Days from date presented to Panel	27 April 2026 (5pm)	Code Administrator Consultation (4 Business Days)	23 June 2026 to 29 June 2026
Workgroup 1	30 April 2026	Draft Final Modification Report (DFMR) issued to Panel	07 July 2026
Workgroup 2	07 May 2026	Panel undertake DFMR recommendation vote	10 July 2026
Workgroup 3	11 May 2026	Final Modification Report issued to Panel to check votes recorded correctly	10 July 2026
Workgroup 4	15 May 2026	Final Modification Report issued to Ofgem	10 July 2026
Workgroup Consultation (4 Business Days)	19 May 2026 to 25 May 2026	Ofgem decision	17 July 2026
Workgroup 5	28 May 2026	Implementation Date	31 July 2026
Workgroup 6	02 June 2026		
Workgroup 7	05 June 2026		
Workgroup 8	10 June 2026		

Workgroup Consultation Responses Discussion

Robert Hughes – Workgroup Chair



CMP475 Workgroup Consultation Responses Review

Number of Responses/Alternatives	
Confidential Responses	2
Non-Confidential Responses	6
Alternative Requests Raised	0

Industry Sector Representation*	
Consumer body	
Demand	
Distribution Network Operator	
Generator	
Industry body	
Interconnector	
Storage	
Supplier	5
System Operator	1
Transmission Owner	
Virtual Lead Party	
Other	

*Please note some responses represent several industry sectors and this tally does not include confidential Respondents

CMP475 Workgroup Consultation Responses Review

Question	Number of Respondents			
	Objectives	Yes	No	N/A or No response
Do you believe that the Original Proposal better facilitates the Applicable Objectives?	d	1		2
	e			3
	f			3
	g			3
	h			3
	None	3		
Do you support the proposed implementation approach?		3	3	
Does the draft legal text satisfy the intent of the modification?		3	3	
No respondents raised Workgroup Alternative Requests during the Workgroup Consultation.				
No respondents indicated that they disagreed with the Workgroup's assessment that the modification does not impact the European Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC.				

CMP475 Specific Workgroup Consultation

Responses Review

Q7 - Do you agree with the ability for NESO to be able to make use of the proposed top up mechanism, to enable it to move the Working Capital Facility back towards neutral?

- 2 out of 6 of respondents supported this.
- Reasons for this included:
 - Strong support for a top-up mechanism as essential to manage volatility and maintain WCF stability, but only in exceptional, carefully considered circumstances.
 - General agreement in principle, provided there are clear governance, risk mitigations, and industry impact considerations defined in code.
 - However, some concern that current WCF levels are inadequate; any reset must balance realism with affordability and avoid sudden customer or supplier impacts.
- 4 out of 6 of respondents did not support this.
- Reasons for this included:
 - Strong opposition as drafted due to lack of limits, insufficient notice, and risk of large, immediate cost recovery impacting suppliers and consumers.
 - Concerns it undermines existing arrangements (e.g. WCF purpose, CMP408/415) and shifts volatility/forecasting risk onto the market.
 - Mechanism seen as too discretionary, with unclear triggers and weak transparency, risking over-correction and tariff instability.
 - Conditional support only if redesigned with caps, smoothing, clear governance, better notice, and stronger consumer safeguards.

CMP475 Specific Workgroup Consultation

Responses Review

“Do you agree with the ability for NESO to be able to make use of the proposed top up mechanism, to enable it to move the Working Capital Facility back towards neutral?”

Q8 - In what circumstances would the above not be an appropriate approach?

- One respondent noted none can be foreseen, except on a case by case by basis if it was too close to the end of a 6-month Tariff period.

Other respondents highlighted reasoning for some circumstances where the approach may not be appropriate:

- Not appropriate for short-notice application or near tariff period end, where costs cannot be recovered and supplier/customer impacts are amplified.
- Inappropriate where recovery is too concentrated in a single period, causing large price shocks instead of being smoothed over time.
- Should not be used to address structural issues (e.g. WCF size) or normal forecasting errors—these require longer-term solutions.
- Unsuitable where triggers, transparency, and evidence are unclear, risking disproportionate and poorly justified interventions.
- Not appropriate in stable/normal market conditions or where alternative, less disruptive mitigations are available.

CMP475 Standard Workgroup Consultation Responses Review

Key Points

The key issues in support of the modification raised by some respondents are:

- The proposal improves management of the WCF and better facilitates objectives under increasingly volatile market conditions.
- The top-up mechanism is supported as it provides necessary flexibility to maintain WCF neutrality in exceptional circumstances.
- The implementation is supported as it builds on the existing CUSC Tariff Reset process, making it practical, proportionate, and low risk.
- Increased flexibility to trigger resets and introduce top-ups is considered operationally sensible.
- The proposal enhances resilience by reducing the risk of repeated tariff resets.

CMP475 Workgroup Consultation Responses Review

Key concerns (1)

The overall concerns raised by some respondents included:

- Some respondents expressed concerns around the solution, with it being considered worse than the baseline. It is seen to increase supplier risk, introduce unpredictable and open-ended recovery, and distort competition and cost reflectivity.
- The proposal was viewed as a risk, shifting volatility and forecasting risk from NESO to suppliers and consumers rather than addressing the root issue.
- Implementation had mixed views. Some respondents did not object to implementation mechanics but do not support progressing due to concerns with the solution content. Others are not supportive given material uncertainty on governance, thresholds, and notice arrangements, suggesting the mechanism is not sufficiently developed and should be reconsidered.
- Regarding timescales & readiness, there were concerns that uncertainty is too high to justify near-term implementation. Further development and clarity needed before introduction.

CMP475 Workgroup Consultation Responses Review

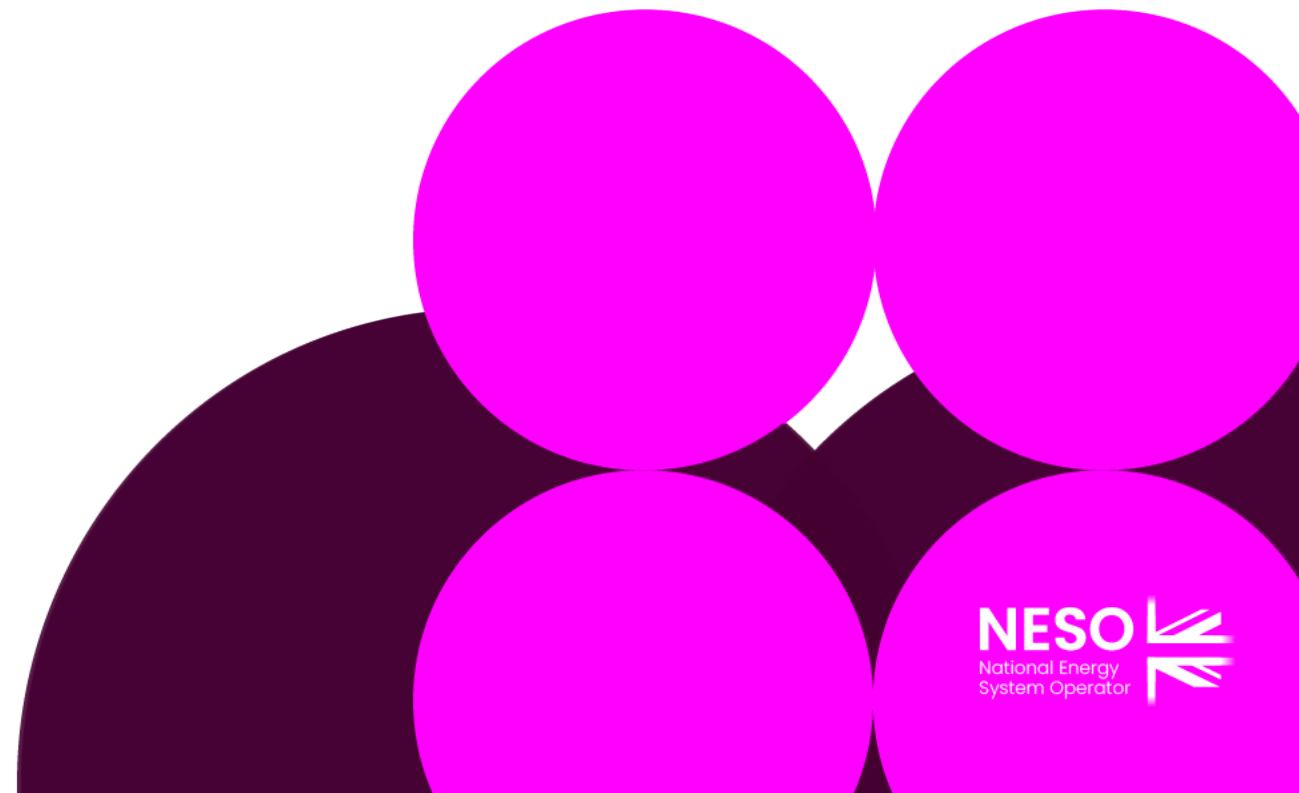
Key concerns (2)

Further specific concerns raised by some respondents included:

- Significant concern was raised regarding the short notice period (e.g. 5 days) combined with large uplifts, which is viewed as unhedgeable and unrecoverable under the Price Cap. Respondents stressed that notice and over-recovery must be addressed together, with suggestions for longer notice and/or spreading recovery.
- Respondents highlighted increased volatility, in-period changes, and risk of bill shocks. The proposal is seen to raise supplier costs and financial strain, with impacts likely passed to consumers.
- Concerns were raised over the lack of clear trigger criteria, insufficient limits on NESO discretion, and limited transparency around evidence and decision-making.
- The proposal was considered to lack sufficient safeguards and recovery controls, with no clear supplier impact assessment. Respondents indicated stronger protections would be required for support.
- Top-up mechanism is not supported as drafted due to lack of constraints, predictability, and proportionality. Some noted it could improve transparency if refined and used only in less predictable conditions.
- Working Capital Facility. Some respondents questioned whether the proposal addresses the core issue, suggesting this may instead relate to insufficient facility sizing.
- Legal drafting. Drafting was considered too broad and imprecise, with unclear trigger definitions requiring clearer thresholds and limits.

Terms of Reference

Robert Hughes – Workgroup Chair



Terms of Reference

Workgroup Term of Reference

a) Consider EBR implications

b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.

c) Consider the trade-off between NESO and Supplier cashflow risks

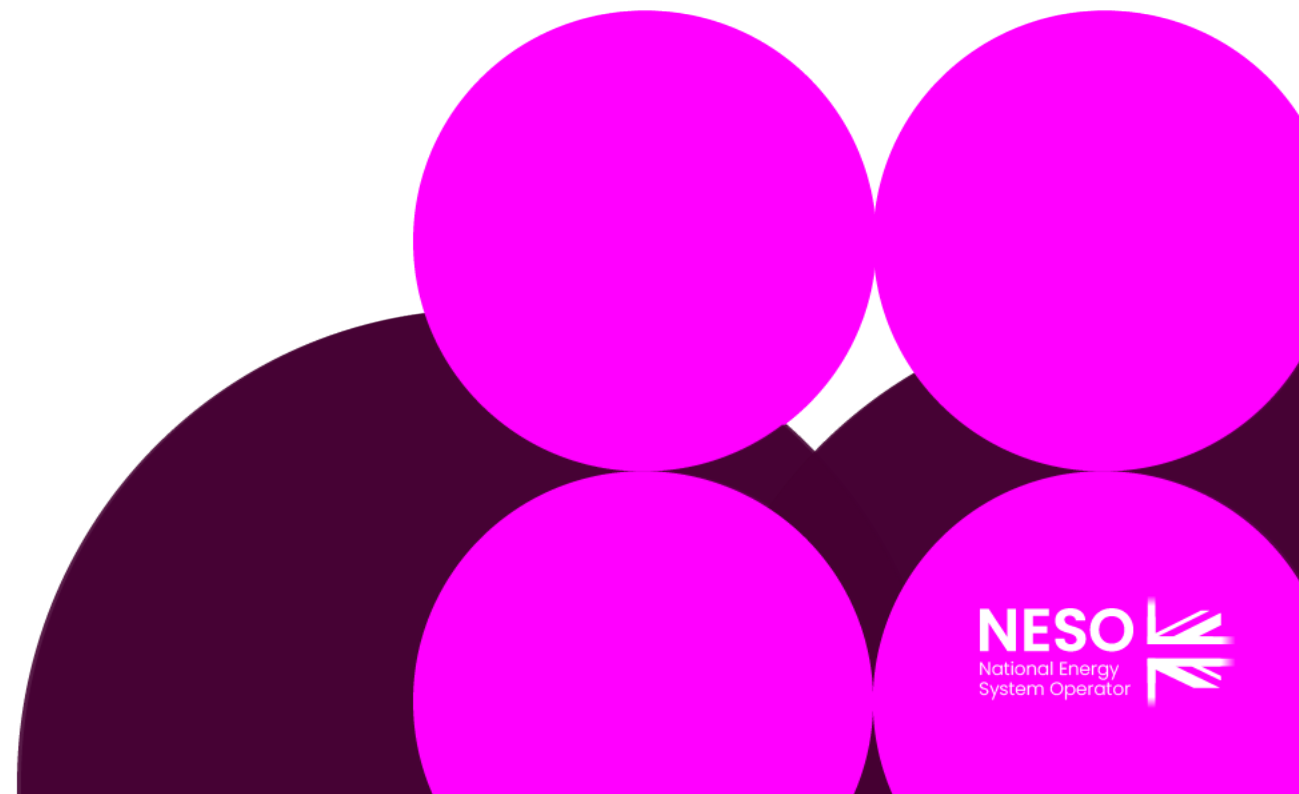
d) Consider the interactions between CMP475 and any other in-flight urgent BSUoS mods

e) Consider how CMP475 interacts with the energy price cap and in turn how CMP475 will impact consumer bills

f) Consider the impacts on the security and safety of the system

Any Other Business

Robert Hughes – NESO Code Administrator



Next Steps

Robert Hughes – NESO Code Administrator

