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# Code Administrator Meeting

## Summary

Workgroup Meeting 5: CMP474 Fixed BSUoS Price Revision Mechanism

**Date:** 28 May 2026

### Contact Details

Chair: Fionnghuala Malone, [fionnghuala.malone@neso.energy](mailto:fionnghuala.malone@neso.energy)

Proposer: Gregory Edwards, [gregory.edwards@centrica.com](mailto:gregory.edwards@centrica.com)

### Key areas of discussion

The Chair set out the agenda which covered Workgroup Consultation Responses. Click [here](#) to view the slide pack.

### Workgroup Consultation Responses Discussion

The Chair took the Workgroup through a summary of responses highlighting there were 9 non-confidential responses with all supporting the implementation approach and were happy that the draft legal text satisfied the intent of the modification. There were 2 confidential responses.

The main points of discussions were:

#### Q8. Will publication the proposed information notice be helpful to industry

A Workgroup member advised they supported the approach, noting that the 50% threshold appears appropriate given current market volatility. They believe it adds more stable conditions but the threshold may need revisiting suggesting this could be addressed through a future modification rather than changing it now. This would avoid overcomplicating the current proposal.

A Workgroup member noted that the strong support (8 respondents) was likely influenced by the majority being suppliers who would directly benefit from the information. The suitability of the 50% threshold is linked to the current £300m working capital facility, suggesting the level is appropriate for now but could need review if that context changes.

#### Q9. Do you agree with the proposed Working Capital utilisation floor of 50% and 75%?

The NESO Representative advised they would undertake and provide the Workgroup with retrospective analysis by applying the proposed working capital facility threshold and rules to historical BSUoS data, in order to assess how frequently notifications and resets would have been triggered and whether this could result in excessive operational complexity. **Action 10**

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Workgroup members discussed the appropriateness of the proposed 50% and 75% working capital utilisation thresholds, with general support tempered by concerns regarding their practical impact.

Several Workgroup members highlighted that, given the current £300m working capital facility, the 50% threshold may provide limited headroom before action is required, potentially resulting in frequent notifications and multiple resets. There was agreement that retrospective analysis of historical data would be useful to assess how often these triggers would occur in practice and whether this would lead to unnecessary complexity.

The Workgroup also discussed whether the underlying working capital facility is sufficient, suggesting that the thresholds may be constrained by this limitation rather than representing an optimal design. It was also noted that alternative approaches, such as setting higher thresholds or using value-based triggers, could merit consideration, although these may fall outside the scope of the current modification.

### **Q10. Do you agree with the proposed enduring arrangements of 3 months' notice period for the tariff reset?**

The NESO Rep highlighted that a three-month notice period may not be sufficient in all scenarios, noting that in fast-moving cost environments NESO could experience near term funding shortfalls without enough advance warning, which is why shorter notice provisions are required to mitigate immediate cashflow risk.

### **Q12. Do consider that the proposed solution will expose NESO to further risks that cannot be reasonably managed?**

Workgroup members discussed whether the proposal could expose NESO to additional risks, with mixed views expressed. Some considered that the risks introduced by the modification are manageable, particularly through the use of working capital and improved planning and that the proposal provides a clearer and more structured framework for managing tariff resets.

Further discussions highlighted uncertainty over where this risk ultimately sits, with views expressed that in practice the impact may fall on service providers or customers rather than NESO in extreme scenarios. Overall, the discussion identified the need for clearer articulation of the specific risks and their allocation across parties.

### **Additional comments**

A Workgroup Observer noted that while the proposal improves transparency and governance, the key issue is the lack of clarity on when NESO would take action, even when a deficit is clearly emerging. More defined trigger points or safeguards (e.g. for extreme scenarios) could improve predictability and address concerns about uncertainty and potentially large, unbounded tariff adjustments. The Proposer responded clarified that, in extreme scenarios, BSUoS recovery is not the only mechanism available and NESO has other tools at its disposal to manage such

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situations. They cautioned against framing tariff resets as the sole means of addressing funding shortfalls.

The NESO Representative acknowledged the point but emphasised that, while additional tools may exist for extreme scenarios, NESO is expected to manage its finances through the existing BSUoS arrangements. If incoming and outgoing BSUoS cashflows do not align, it is NESO’s responsibility to address this through the established mechanisms and relying on external intervention (e.g. alternative funding routes) would be undesirable. It was also noted that failing to manage this effectively could have reputational implications, reinforcing the need for a clear and robust framework within the modification.

## Terms of Reference

The Workgroup reviewed the Terms of Reference and made no further comments.

## Legal Text

The Proposer highlighted a comment made in the consultation response suggesting the Workgroup considers clause 14.31.17 retains the “reasonable endeavours” in relation to the consultation on the revised BSUoS price. The NESO SME advised that the legal text is in relation to ‘The Company will use reasonable endeavours to consult on the revised fixed preserves price priorities application. The Company will provide a minimum of three months notice.’ Therefore, the Proposer was content with this.

## Next Steps

The Chair advised that the next Workgroup will be on 02 June.

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## Actions

For the full action log, click [here](#).

Action Number	Workgroup Raised	Owner	Action	Due by	Status
10	WG5	NE	Provide retrospective analysis of BUSoS historical data, including how the proposed working capital facility thresholds and rules would operate in practice at 50% and 75%	WG6	Open

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## Attendees

Name	Initial	Company	Role
Fionnghuala Malone	FM	NESO	Chair Alternate
Tammy Meek	TM	NESO	Technical Secretary
Gregory Edwards	GE	Centrica	Proposer
Alex Curtis	AC	NESO	NESO SME alternate
Andrew Colley	AnC	SSE	Workgroup member Alternate
Claire Caple	CC	Eon	Observer
Damian Clough	DC	SSE	Workgroup member
Gareth Evans	GE	WatersWye	Workgroup member
Hugh Boyle	HB	EDF Energy	Workgroup member
Katie Clark	KC	NESO	NESO Representative
Louis Sandiford	LS	Ofgem	Authority Representative
Louise Hellyer	LH	TotalEnergies	Workgroup member
Martin Cahill	MC	NESO	NESO SME
Nick Everitt	NE	NESO	NESO Representative
Paul Youngman	PY	Drax	Workgroup member alternate
Pawel Czarnowski	PC	ScottishPower	Workgroup member
William Cartwright	WC	TotalEnergies	Workgroup member alternate