

CMP475: Amendment to the BSUoS tariff reset process

Workgroup 6, 02 June 2026

Online Meeting via Teams

WELCOME

Agenda

Topics to be discussed	Lead
Introductions	Chair
Objectives and Timeline	Chair
Proposers Presentation	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

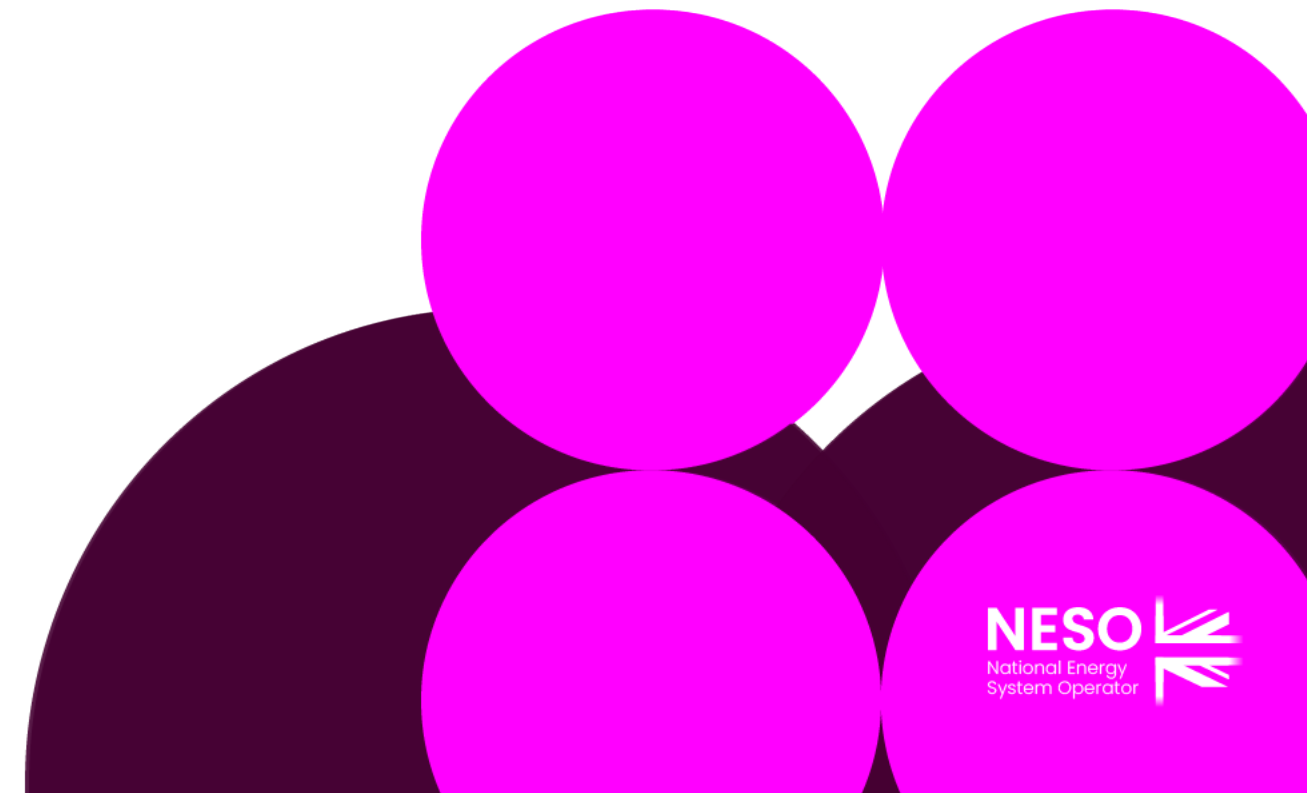
Vote on whether the solution(s) better facilitate the Code Objectives

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 - NESO Code Administrator

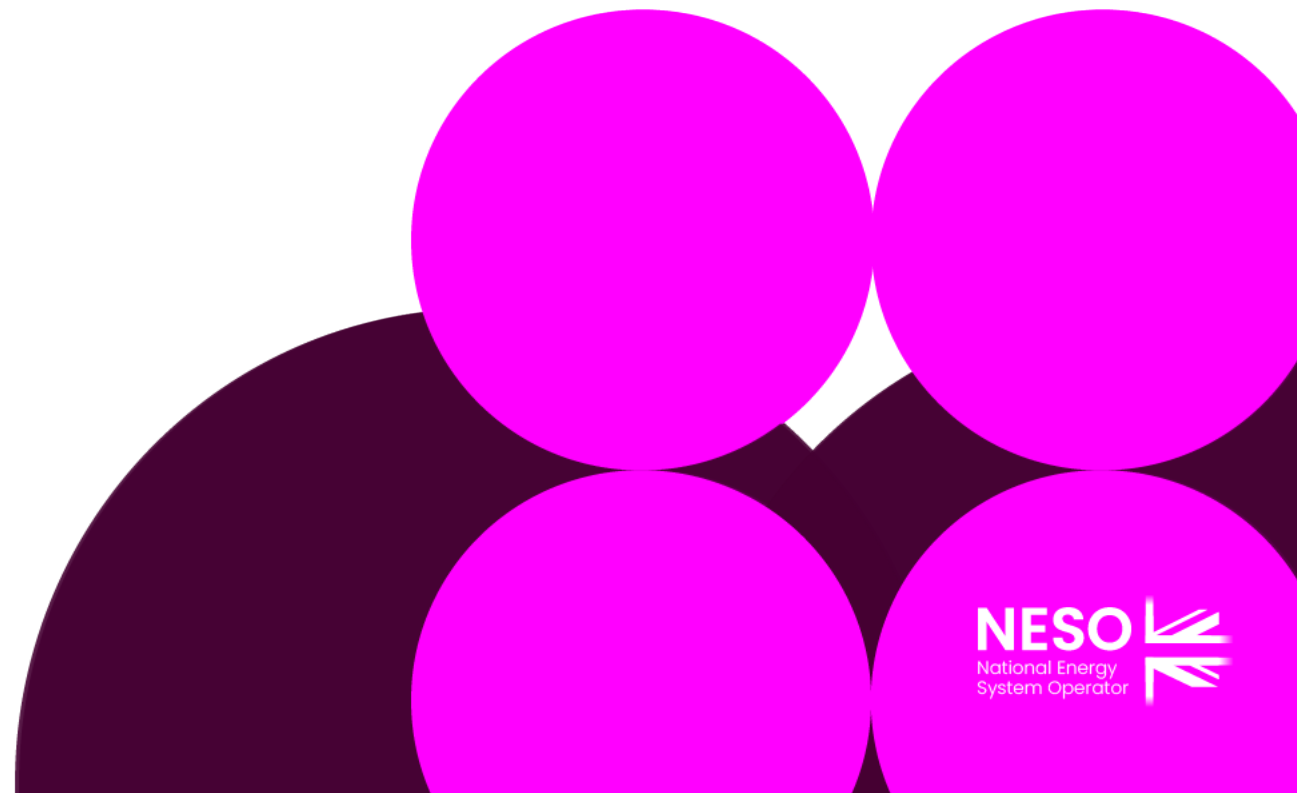


Urgent Timeline for CMP475 as at 21 April 2026

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		

Proposers Presentation

Martin Cahill – NESO



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

- CMP474 & 475 both look at working capital utilisation but they are two different solutions, hence being two separate modifications
- CMP475 gives NESO the flexibility required to be able to manage the Working Capital Facility if and when needed
- CMP474 applies a longer notice period, defines specific floors at which NESO can recover to, and sets a threshold for information provision
- We believe that the modifications address related issues, but they target different defects and as such should be considered separately

Modification	Notice Period	Information Provision	Reopening multiple tariffs	Max recovery Position
CMP474	3 months ahead of price cap period	50% WCF	Both 6 month tariffs can be revised	75% WCF if revised price is for a single price cap period, 50% if revised price encompassed 2 or 3 price cap periods
CMP475	No change (5 days)	No change (none)	Both 6 month tariffs can be revised	To Neutral

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

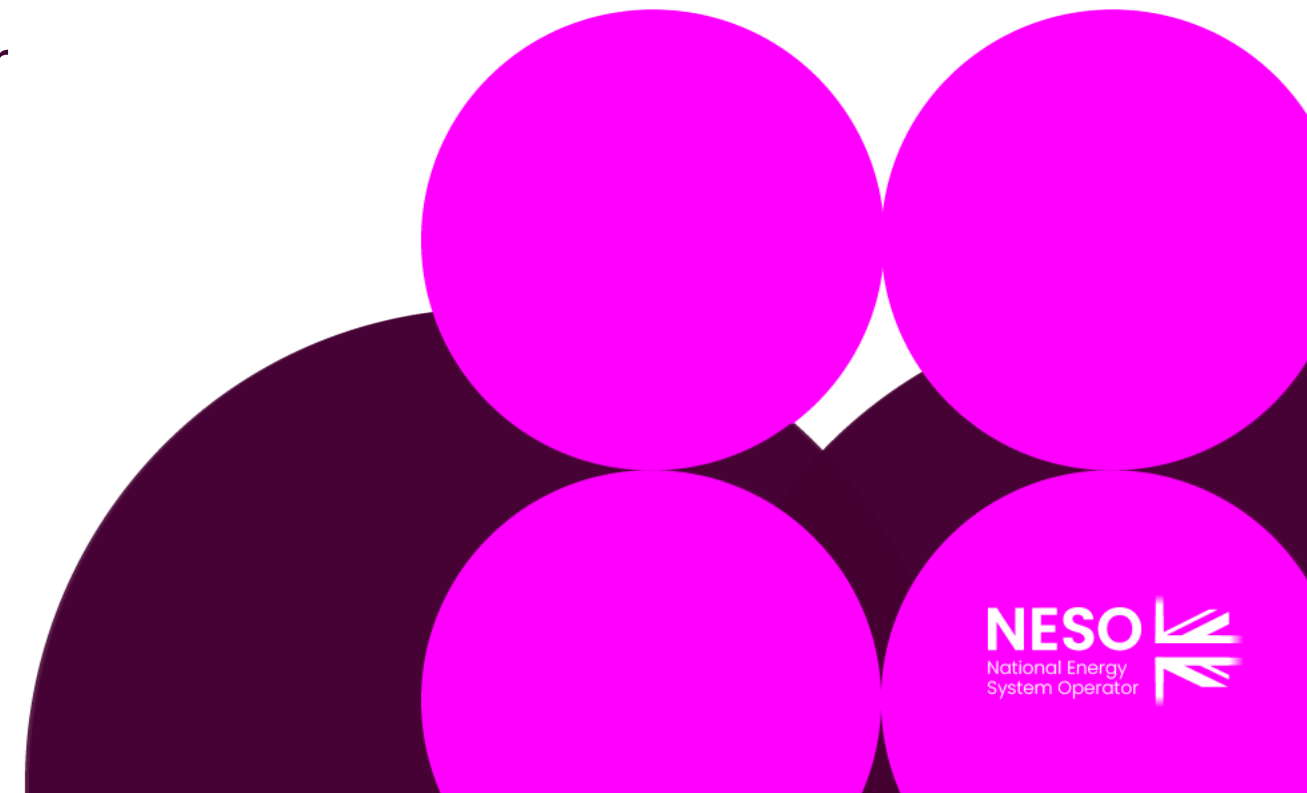
- **CMP475 does not make any change to the current notice period of 5 days, so there is no direct interaction with timing of the energy price caps**
 - The existing 5 day notice period means that it is possible that NESO could reset a tariff after prices have been set for a price cap period, presenting a significant cashflow risk for Suppliers
 - The 5 day notice period was chosen as a worst case scenario, to be used as a fallback option if there is a very short term and significant increase in BSUoS costs in comparison to the fixed tariff
 - If there was a need to reset a tariff NESO would look to provide a longer notice period and if possible, make a decision ahead of a price cap period
 - To date NESO has never reset a tariff, and we believe that allowing some flexibility in the methodology has allowed us to avoid doing so
 - NESO are conscious of the significant impact that a tariff reset could have on Suppliers and will always carefully consider all available options
- **The proposal does allow additional recovery as part of a reset (i.e. the top up element towards neutral)**
 - There is a potential impact on consumer bills here if the top up element of the solution is utilised for a tariff reset
 - However, NESO would consider on a case-by-case basis if topping up was an appropriate action. For example, topping up towards neutral would be done if it decreased the risk of a further tariff reset at a later date

Consider the trade-off between NESO and Supplier cashflow risks

- There is a trade-off between ensuring NESO has sufficient working capital to continue paying its costs and protecting Suppliers and customers from sudden bill impacts and unrecoverable losses
- WG Consultation responses highlighted concerns that additional recovery for the top-up element of solution would transfer risk to suppliers This is an understandable concern, however the top-up element would only be used when we believe it would reduce the risk of future tariff resets – e.g. when there is a long term increase in balancing costs in comparison to fixed tariffs
- There are also concerns around notice period, though it should be noted that the solution for CMP475 does not make any changes to the notice period
- Our view is that there is a need to have sufficient flexibility to respond when balancing costs rise sharply and for the provisions in CUSC to work for the widest possible range of scenarios. However this should not detract from NESO taking appropriate steps to mitigate impact on Suppliers as much as possible

Terms of Reference

Robert Hughes – NESO Code Administrator



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

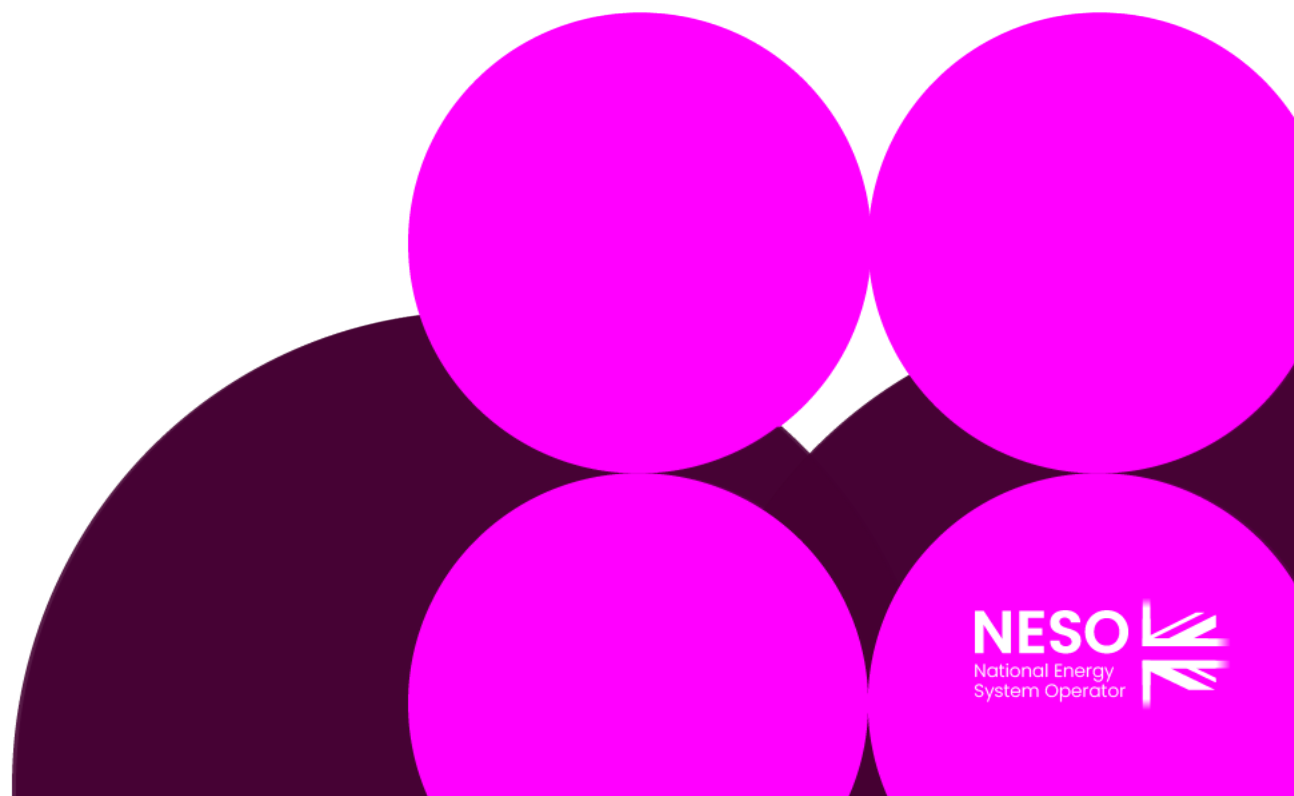
d) Consider the interactions between CMP475 and any other in-flight urgent BSUoS mods

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

