

Joint European Stakeholder Group



Tuesday 09 June 2026
Meeting 92

1. Welcome & Introductions

Independent Chair – Garth Graham

Agenda

	Title	Lead	Time
1.	Welcome & Introductions	Chair	10:00 - 10:05
2.	Net Transfer Capacity Consultation – Responses & outcomes	Elana Byrne (NESO)	10:05 - 11:05
3.	UK-EU IEM Agreement: Introductory session	Ashley Wilson and Aislinn Dooley (DESNZ)	11:05 - 11:50
4.	Review of Actions log	Andrew Hemus, Tech Secretary	11:50 - 11:55
5.	Future Meeting Dates & Agenda Items	Andrew Hemus, Tech Secretary	
6.	Stakeholder Representation	Chair	
7.	Any Other Business	All	11:55 - 12:00

2. NTC Commercial Compensation methodology consultation

Elana Byrne (NESO)

Net Transfer Capacity Consultation – Responses & outcomes

JESG June 2026

Purpose & scope of this session



Today

- NESO are sharing NESO responses to key feedback points from the recent consultation responses directly related to the NTC Commercial Compensation Methodology. Points are grouped under themes.

For feedback relating to the Compensation Methodology directly:

- More detailed responses to individual *non-confidential* feedback will also be shared in the published consultation report
- More detailed responses to individual *confidential* feedback will be shared bilaterally (not published with the report)

For feedback received which is outside the direct scope of the Compensation Methodology consultation, e.g. Policy-related points:

- These will not feature in the Compensation Methodology consultation report but responses from NESO will be shared back to respondents indicating where next steps are being assessed for further action and engagement separate to this consultation

Submission to Ofgem

- All consultation feedback will be submitted for Authority review in its entirety with NESO responses to that feedback (i.e. those marked 'confidential' and 'non-confidential', plus clarification feedback received, compensation points and those out of the direct scope of the consultation)

Cost neutrality

Bidding behaviour

Feedback	NESO response
<p>Some stakeholders responded that compensation may not reflect actual user losses or true market value due to impacts on bidding behaviour as a result of restrictions. Concerns include that where prices move materially or the NTC restriction changes how the market behaves that the current compensation method would under-compensate</p>	<p>NESO recognise the fact that any NTC restriction (and therefore reduction in capacity released) will affect participants bidding behaviour to a degree. As such, the current methodology aims to account for this in the calculation methods with the respective reference prices. NESO has welcomed subsequent data shared by a respondent after the consultation period*</p>
<p>Points were raised that the methodology may not keep parties financially whole in all scenarios due to a lack of differentiation in market participant behaviour between day ahead and intraday time horizons.</p>	<p>NESO's view is that the Compensation Methodology does differentiate between time horizons in the table summarising the different calculations for day-ahead and intraday auctions. NESO has welcomed subsequent data shared by a respondent after the consultation period for more detailed consideration*.</p>

Cost neutrality

Market impacts

Feedback	NESO response
<p>Stakeholders said the methodology may miss broader effects such as reduced liquidity, weaker auction participation and adverse impacts on interconnector revenues. Poor cost reflectivity could create distortions and weaken confidence in the market. Respondents suggested these longer-term consequences still matter even if they are harder to quantify precisely.</p>	<p>The purpose of the compensation methodology is to keep parties financially whole and support wider confidence in interconnector capacity.</p> <p>To support wider transparency in this regard, the Methodology uses publicly available market data seeking to strike a balance between appropriate compensation and ensuring value for the GB consumer by not overcompensating.</p> <p>We recognise the wider impacts highlighted as concerns and would welcome further discussions on how to evidence/quantify these and mitigate, where possible.</p>

Cost neutrality

Restriction of allocated capacity, reference prices

Feedback	NESO response
<p>Respondents raised concerns about the option to restrict allocated capacity ahead of the Day Ahead Firmness Deadline and whether users would be fairly compensated (Access Rules not considering actual costs). Suggestions were put forward for compensation at net imbalance costs as per intraday arrangements.</p>	<p>NESO understand that interconnector Access Rules feature the process to compensate users in this scenario, which the Methodology references.</p> <p>For the suggested use of imbalance charges, NESO believe it to be inappropriate to compensate this way as this imparts risk unfairly onto consumers when, by definition, the capacity was not yet firm, and no imbalance would have occurred at that point (as the delivery period has not taken place).</p> <p>NESO welcomed an expanded post-consultation rationale on this from a respondent which NESO will consider in more detail for further engagement on the topic*.</p>

*Where data has been submitted to NESO to consider alternative approaches, NESO is assessing these for future engagement on the topic. NESO remains open to any feedback and data to support feedback from all parties.

Transparency

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

Feedback	NESO response
<p>Respondents wanted clearer visibility how compensation is linked to the volume calculation</p>	<p>NESO recognise the need for increased clarity here and are always minded to comply with our C1 obligations and that of the C28 derogation. Content has been de-duplicated from the Methodology that remains in the NTC Calculation Policy and are both available on the NESO website. Whilst the NTC Calculation Policy and Compensation Methodology will remain separate documents, NESO is making changes to help ensure both documents are accessible and easily located.</p>
<p>Some respondents also sought clarity on how to challenge the way settlements are calculated</p>	<p>There are existing BASA / SOA dispute routes for settlement issues which are referenced in the Methodology and were clarified further as part of this review and the proposed changes.</p>
<p>Respondents also asked for more regular reviews and clearer alignment between the methodology and the NTC Calculation Policy</p>	<p>NESO agree on the role of periodic reviews of the Methodology and notes that the Methodology is proposed to link directly to the Policy document. The Policy document will be moved on the NESO website to accompany the Methodology document for easier referencing.</p>

Engagement and consultation

Feedback	NESO response
Industry's need for more engagement, co-ordination and consultation from NESO	NESO recognise this feedback from industry and the importance of working with industry on such topics. We are considering how best to take this forward, including the most appropriate routes and forums for engagement on this topic. As a general principle, where prospective changes to a processes or document would impact parties there will be suitable engagement for awareness and input.
Respondents also asked for stronger alignment of governance between the methodology and the NTC Calculation Policy	As noted above, NESO will include appropriate engagement with stakeholders where changes are proposed to a process or document that have material impacts on other parties.

Post-consultation changes

For document clarity

As a result of specific feedback in the consultation, NESO will apply the following additional changes to the change proposal for the Authority to consider.

Each adds clarification and does not materially change the process of calculating or settling compensation for NTC restrictions:

- Currency section:
 - Including a link to HMRC's exchange rate webpage used for FX rates, for explicit clarity
- Calculation Method 2, Option 2 (for unallocated capacity restricted, impacting on an implicit auction):
 - Added further detail to the formula itself to state that 'losses would be applied to the respective high price zone only' in regard to use of the loss adjusted spread
- Added a specific clarification that there is no cap to the compensation values from NESO for the NTC restrictions it applies and calculates settlement for via the Methodology (previously an implicit point)

Next steps

- The Methodology consultation report is being drafted alongside a submission for a C1.17 derogation for continued use of NTC without market-based procurement. The report will be sent for Authority review in July.
- The Compensation Methodology consultation report for Authority review will be published and will include:
 - The updated proposed changes to the Methodology
 - All non-confidential consultation feedback (and NESO responses)
- Confidential feedback and NESO responses will be securely submitted for Authority review and shared with respective respondents bilaterally
- Subsequent data and clarification points received post-consultation is being assessed for ongoing consideration of this topic and appropriate stakeholder engagement

3. UK-EU IEM Agreement: Introductory session

Ashley Wilson and Aislinn Dooley (DESNZ)

4. 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	

5. 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	<i>Cancelled</i>
Tuesday 10 February	
Tuesday 10 March	
Tuesday 14 April	<i>Cancelled</i>
Tuesday 12 May	
Tuesday 9 June	
Tuesday 14 July	
Tuesday 11 August	
Tuesday 8 September	
Tuesday 13 October	
Tuesday 10 November	
Tuesday 8 December	

6. Stakeholder Representation

All

7. AOB