

Public

Code Administrator Consultation Response Proforma

CMP445: Pro-rating first year TNUoS for Generators

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to cusc.team@neso.energy by **5pm** on **29 April 2026**.

Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact cusc.team@neso.energy

| Respondent details | Please enter your details | |
|--|---|---|
| Respondent name: | Damian Clough | |
| Company name: | SSE Generation | |
| Email address: | Damian.Clough@sse.com | |
| Phone number: | Click or tap here to enter text. | |
| Which best describes your organisation? | <input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector | <input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other |

I wish my response to be:

Public

| | |
|--------------------------------|--|
| (Please mark the relevant box) | <input checked="" type="checkbox"/> Non-Confidential (this will be shared with industry and the Panel for further consideration) |
| | <input type="checkbox"/> Confidential (this will be disclosed to the Authority in full but, unless specified, <u>will not be shared</u> with the Panel or the industry for further consideration) |

For reference the Applicable CUSC (charging) Objectives are:

- d. That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
- e. That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C11 requirements of a connect and manage connection);
- f. That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees’ transmission businesses and the ISOP business*;
- g. Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and
- h. Promoting efficiency in the implementation and administration of the system charging methodology.

* See Electricity System Operator Licence

**The Electricity Regulation referred to in objective g) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI

Public

2020/1006.

For reference, (for consultation questions 5) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:

- a) *fostering effective competition, non-discrimination and transparency in balancing markets;*
- b) *enhancing efficiency of balancing as well as efficiency of national balancing markets;*
- c) *integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;*
- d) *contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;*
- e) *ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;*
- f) *facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;*
- g) *facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.*

What is the EBR?

Public

The Electricity Balancing Regulation (EBR) is a European Network Code introduced by the Third Energy Package European legislation in late 2017.

The EBR regulation lays down the rules for the integration of balancing markets in Europe, with the objectives of enhancing Europe's security of supply. The EBR aims to do this through harmonisation of electricity balancing rules and facilitating the exchange of balancing resources between European Transmission System Operators (TSOs). Article 18 of the EBR states that TSOs such as the NESO should have terms and conditions developed for balancing services, which are submitted and approved by Ofgem.

Please express your views in the right-hand side of the table below, including your rationale.

| Standard Code Administrator Consultation questions | | |
|--|---|--|
| 1 | Please provide your assessment for the proposed solution(s) against the Applicable Objectives against the current baseline. | Mark the Objectives which you believe the proposed solution(s) better facilitates than the current baseline: |
| | | Original <input checked="" type="checkbox"/> d <input checked="" type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input type="checkbox"/> h <input type="checkbox"/> None |
| | | WACM1 <input checked="" type="checkbox"/> d <input checked="" type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input type="checkbox"/> h <input type="checkbox"/> None |
| | | WACM2 <input type="checkbox"/> d <input type="checkbox"/> e <input type="checkbox"/> f <input type="checkbox"/> g <input type="checkbox"/> h <input checked="" type="checkbox"/> None |
| | | Original d) Through no fault of the connectee, the Generator in question could be faced with a TNUoS liability for the entirety of its first |

Public

| | | |
|--|--|---|
| | | <p>charging year which is highly disproportionate to operational revenues, which may only be for a few weeks or months of that same year, that can also be unexpected (on the part of the Generator who, as per some recent known examples, have had their connection delayed, unexpectedly, by the TO). This modification better aligns revenues with liability, and also at the same time better aligns that Generator with competition in its locality.</p> <p>e) The TO is entitled to revenue in this first charging year for that connection which is pro rata'd. This (Original) modification therefore better aligns TNUoS revenue recovery with TO's Allowed Revenues.</p> <p>WACMI</p> <p>The WACM does have the same improvements to the baseline as the original for connectees to the system. By mirroring the solution to disconnections it does offer the potential to better align connections, disconnections and outages. If a connection was delayed a Generator may be persuaded to continue operating for a few months longer but not if they would pick up a full year's TNUoS under the current baseline. If they did pick up a full year they might as well hoard that TEC as they are being charged anyway. Pro rataing TEC therefore encourages earlier closures. However inversely it does then increase uncertainty to the SO around closure dates and operation as</p> |
|--|--|---|

Public

| | | |
|---|--|---|
| | | they could close whenever opposed to at the end of the charging year. |
| 2 | Do you have a preferred proposed solution? | <input type="checkbox"/> Original <input checked="" type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference |
| | | <p>The original defect talked about imposed delays by the TO impacting on the Generator. Disconnections therefore do not help that defect. However, aligning charges to usage of the system WACM1 does add an extra improvement to the baseline compared to the original.</p> <p>We have sympathy with WACM2. However, as commercial decisions have already been made, any retrospectivity where commercial decisions cannot be altered, only provides a benefit to the Generator and not the end consumer. We note the criteria set out as part P507.</p> <p>That Modification included an option (the Original proposal) with retrospectivity, which Ofgem rejected for a number of reasons</p> |

Public

| | | |
|--|--|---|
| | | <p>including (as they say at the top of page 8) that:</p> <p><i>“In Ofgem’s published guidance on <u>code modification urgency criteria</u>, we stated that “retrospective modifications should be avoided as they undermine market confidence. It is a general principle that rules ought not to change the character of past transactions, completed on the basis of the then existing rules”. This remains our firm view.”</i></p> <p>Consistent with their guidance, Ofgem then go on to list four items that they have considered, in terms of ‘retrospectivity’, namely:</p> <ul style="list-style-type: none"> <i>• there was fault or error, giving rise to additional costs or losses, which was directly attributable to central arrangements</i> <i>• there were combinations of circumstances that could not reasonably have been foreseen</i> <i>• the possibility of a retrospective action had been clearly flagged to the participants in advance, allowing the detail and process of the change to be finalised with retrospective effect</i> |
|--|--|---|

Public

| | | |
|---|--|--|
| | | <p>• any cost/loss incurred due to the prevailing rules is material."</p> <p>We cannot see how the threshold for allowing retrospectivity have been met by WACM2 (do we say this as quite strong?)</p> |
| 3 | Do you support the proposed implementation approach? | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> |
| | | Click or tap here to enter text. |
| 4 | Do you have any other comments? | <p>It was disappointing that an alternative solution was not accepted by the workgroup which would have allowed the solution to apply to the full financial year 2026/27, especially considering the number of current delays in TO work plans and subsequent connections. This mod is in support of the direction OFGEM is moving as part of its End to End review of TOs within connection reform?</p> <p>With a move to a more granular mid-year charging process, future modifications may wish to fully codify and remove any doubt over the "Charging Date", as in what determines the start and end dates in terms of TNUoS charging, i.e. EON or ION, TOs commissioning activities. We are satisfied that the process currently works as intended but grey areas can cause confusion</p> |

Public

| | | |
|---|---|---|
| | | and therefore have a bearing on investability for Users. There will be a number of Users in the future who are unlikely to be able to utilise their full TEC for the start of their operation. This may need to be looked at. |
| 5 | Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | | Click or tap here to enter text. |