

STC Party	Vote for PM0158	Statement
National Energy System Operator (NESO)	Yes	NESO support the PM0158 modification. We consider it addresses the current issues of tight deadlines and provide greater risk mitigation in the forecast calculation. Whilst we recognise this will have benefits for NESO and, we believe, wider industry, it is acknowledged that the TOs may have issues with timing details of the proposal, whilst being supportive of the principle
Scottish Hydro Electric Transmission plc. (SNET)	No	SNET Transmission Statement on PM0158 We do not support PM0158 and believe the modification should be rejected. While we recognise the concerns expressed by some system users regarding the volatility and uncertainty of long-term TNUoS forecasts, we do not believe that the additional requirements proposed under PM0158 represent a proportionate or effective solution. The modification introduces extensive new obligations on Transmission Owners, including the provision of additional forecast iterations, longer-term forecasts, sensitivities, supplementary narrative and ad hoc information requests. The primary test for any modification should be whether it delivers value for consumers. In this case, NESO has not provided evidence demonstrating that the additional information requirements will result in materially improved decision-making, lower costs or better consumer outcomes. Indeed, discussions during the modification process recognised that the consumer cost-benefit assessment had not been fully considered or substantiated. The underlying challenge is not a lack of data. Long-term transmission revenue forecasts are inherently uncertain and are subject to significant change as project delivery assumptions, regulatory determinations, asset volumes, inflation expectations and wider market conditions evolve. Requiring more frequent forecasts, additional sensitivities or greater levels of granularity does not reduce that uncertainty. Instead, there is a risk that it creates an impression of precision that does not genuinely exist. This is particularly important because users may place undue reliance on increasingly detailed forecasts. The proposal risks providing generators and other stakeholders with a spurious sense of accuracy regarding future TNUoS charges when the underlying inputs remain highly uncertain. In doing so, it could lead to poorer decision-making rather than better-informed decisions. This could, for example, undermine confidence over time in the investment decisions made by

		renewables developers when forecasts evolve unexpectedly. We also note that more effective and lower-cost solutions exist to address stakeholder concerns. The TOs have consistently indicated a willingness to work with NESO on improvements which focus on transparency, education and communication around the drivers of forecast movements and the reasons forecasts remain uncertain and volatile. Such measures would help stakeholders better understand the limitations of long-term forecasts without imposing additional administrative burdens or creating misleading expectations regarding forecast accuracy. NESO have failed to consult TOs on this proposal with a level of rigour that is in line with the materiality of the proposal. Indeed only one meeting was held with TO Subject Matter Experts to discuss the proposal, from which the main conclusion was that further engagement was required. Given the absence of a demonstrated consumer benefit case, the additional costs and resource requirements that would be imposed on industry parties, and the risk of creating false confidence in inherently uncertain forecasts, we do not believe PM0158 is in the best interests of consumers or industry participants. We therefore recommend that PM0158 is rejected, and that NESO instead works collaboratively with Transmission Owners and wider stakeholders to develop alternative solutions that improve understanding of forecast uncertainty while delivering genuine value for consumers.
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Scottish Power Transmission plc. (SPT)	No	SPT voted “No” to the proposal to recommend PM0158 as we feel that more engagement with TOs is required to maximise the benefits of this proposal. I have set out some initial thinking on the proposal for your consideration ahead of future meetings. The main proposal is to bring most final OFTO revenue submissions forward from 25 January to 15 January, while retaining 25 January where December price-index data is required. • Operationally, this is manageable and not a significant concern for us. • This is NOT the main proposal. The more consequential changes relate to the potential expansion of reporting requirements, ad hoc forecast requests, longer-term forecasting, and sensitivity analysis. NESO could request additional forecasts, including forecasts beyond FY+6 and high/low sensitivity forecasts, with 60 days’ notice. • Additional forecasts: - o We currently submit forecasts twice a year, in October and January. § Our internal cycle: Reg year end in March, RRP in July, RRP reviewed and approved through to Oct/Nov, with a draft forecast provided to the NESO in October– and a final in January before we start the cycle again. § It is therefore unclear what gap is being addressed through additional forecast submissions. Introducing a continuous iterative forecasting process would create significant resource demands while delivering limited additional value. - o NESO recommend a similar quarterly set up to distribution forecasting requirements in DCUSA. (May, August, November, and February] § We highlighted that there’s a real misunderstanding of the value or commentary being provided through those updates. • Some quarterly updates were literally all DNOs just updating for the latest change in inflation. 14 DNO excel template submissions, 14 presentations, and a stakeholder call where each would take its turn to say the same common inflation factor had been updated! • DCUSA have since reduced the frequency of submissions to three times a year (May, September, December), and there remains a valid question as to whether even this frequency is justified. • The DNOs latest submissions used the final year of ED2 as a proxy run rate for ED3 revenues – which gives very little meaningful insight. • FY+6 forecasts:
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- o There is also a fundamental question regarding what assumptions TOs are expected to apply beyond the current RII0-T3 period.
- o Once forecasts extend beyond an established price control framework, outputs become increasingly speculative and heavily caveated.
- o NESO should not be relying on TOs to construct hypothetical regulatory frameworks for future price controls where key policy, licence and funding arrangements have yet to be determined.
- 60 days notice:
 - o We are unclear on why a 60-day notice provision is required and what specific issue it is intended to solve.
 - o Producing robust revenue forecasts is a substantial exercise. There is a reason why the RRP process is undertaken once a year!
 - o Before introducing additional forecast obligations, the benefit to industry should be clearly demonstrated and proportionate to the reporting burden placed on TOs.
- NESO had initially requested additional revenue granularity, i.e. potentially at a project level. This request isn't as obvious in the latest slides, although page 14 states "Different submission templates for 5 year and longer-term projection for varying levels of granularity."
- o We would have concerns regarding both legal and commercial sensitivities if information beyond publicly available price control data were requested.
- o This applies to both quantitative information and qualitative commentary.
- o Any request for further granularity should be clearly defined and limited to information that can appropriately be shared externally.
- It could allow NESO to use substitute data where this would provide more accurate information in early modelling.**
 - I am comparatively relaxed on this proposal. I have no objection to NESO using more timely information where it provides a better view of likely outcomes, for example using Draft Determination information rather than waiting for formal annual submissions.
 - However, this must be accompanied by clear caveats.
 - o Where NESO chooses to substitute TO-provided data with an alternative source, ownership and accountability for that data should sit with NESO rather than the affected TO.
 - o TOs should be protected from any liability, challenge or misinterpretation arising from forecasts that are not based on their submitted information.

		I can understand why NESO is seeking additional information and greater visibility of TO forecasts. TNUoS charges have become an area of increasing scrutiny in recent years, with several industry bodies and developers having recently expressed concerns around the scale, unpredictability, and volatility of TNUoS charges, particularly given the impact these can have on investment decisions and project economics across the sector. Requiring additional forecasts, sensitivities and commentary would increase the reporting burden on TOs without necessarily improving forecast accuracy or providing materially better information to industry. As such, any additional requirements should be targeted and proportionate, with a clear benefit relative to the effort involved in producing them.
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Offshore Transmission Owner (OFTO)	No	The OFTOs are supportive of increased efficiencies / quality in the TNUoS tariff setting process. We are pleased there has been consultation with OFTOs regarding the timing of submissions and the publishing of key ONS datasets. We remain concerned that bringing forward the submission date, may be detrimental to the timely close out of Exceptional Event claims, which can have a material financial impact on the OFTO, if revenue recovery is delayed by a year. Whilst we expect the that the new submission deadline will drive an earlier resolution, a mechanism to allow some leeway, by exception, would be welcomed. Given the last comment, we are therefore not able to support this modification at this time.
National Grid Electricity Transmission (NGET)	No	NGET does not support the proposal in its current form and believes it is not yet ready for Authority referral. We recognise the intent to improve industry understanding of future TNUoS charges and support further work in this area. However, the proposed solution places a broad obligation on TOs, and grants NESO extensive and open-ended new powers, without sufficient clarity on when forecasts may be requested, how often they may be requested, or the level of effort expected. The proposed 60-day notice period also does not reflect the practical reality of producing robust revenue forecasts. We are also not convinced that more frequent or longer-term forecasts will necessarily improve industry understanding, particularly where increasing uncertainty may reduce the reliability and value of the information provided. This is especially relevant beyond the current price control period, where the assumptions underpinning future revenues become less certain. Expectations of longer-term forecasts should therefore reflect this. NGET therefore supports further engagement between NESO and TOs to develop a shared and proportionate solution. Clearer boundaries, safeguards and full consideration of operational requirements are needed before the proposal should progress to the Authority.