Public

# Code Administrator Meeting Summary

Workgroup Meeting 7: CMP405: TNUoS Locational Demand Signals for Storage

**Date: 29 October 2026**


**Contact Details**

Chair: Ayo Bammeke, ayo.bammeke@neso.energy

Proposer : Damian Clough, damian.clough@sse.com


## Key areas of discussion

### Governance and membership

At the first CMP405 Workgroup meeting since February 2024, members resumed the assessment, reviewed the defect and proposed solution, and considered the updated Terms of Reference and workplan.

CMP405 remained at the solution-development and assessment stage under standard governance. Evidence review, consideration of alternatives and Workgroup Consultation would inform the Workgroup Report and vote. Code Administrator Consultation, a CUSC Panel recommendation and the Authority's decision would follow. Members were encouraged to raise alternatives early.

Following the extended pause and membership changes, the Workgroup supported resetting the attendance calculation for voting eligibility from Workgroup 7, with no objections raised. Organisations would still need to attend at least 50% of meetings, counting only meetings from Workgroup 7 onwards. The Chair would notify the CUSC Panel on 30 October 2026.

### Progression alongside wider charging reform

Workgroup members reported that the CUSC Panel had decided to progress CMP405 despite its interaction with Ofgem's Reformed National Pricing (RNP) programme. The Authority Representative confirmed that additional Authority resource was available to support the modification in Workgroups.

Workgroup members supporting progression considered that improved storage charging could benefit existing assets and transitional arrangements. The Proposer considered that CMP405 analysis could inform wider reform, although the solution might need refinement. The timing and

scope of RNP, potential duplication of work and subsequent methodology changes remained unresolved.

## Timeline

The timeline provided for further assessment of the solution, evidence, impacts and legal text, followed by a three-week Workgroup Consultation planned for March 2027. The Workgroup Report would be completed after consultation responses had been reviewed. The number of Workgroup meetings would remain flexible to allow sufficient assessment.

The Proposer considered 2027 implementation unrealistic and preferred 2028. The NESO Representative noted the April 2029 RNP delivery timeframe. No implementation date was agreed.

## Proposed solution and supporting evidence

### Defect and development of the solution

The Proposer reviewed the solution's development. The presentation explained that the zero floor on locational demand tariffs prevented negative charges from encouraging consumption at peak demand, but also removed a potentially beneficial signal for storage imports in areas with high renewable generation and transmission constraints.

CMP405 seeks to separate year-round locational demand signals from peak-security signals. The Proposer considered that storage imports at appropriate locations and times could reduce power flows across constrained boundaries and future reinforcement requirements. How charges should reflect these potential benefits remained unresolved.

The initial approach applied an Annual Load Factor (ALF) to storage imports, mirroring aspects of generation charging. Earlier concerns included imports not coinciding with constraints, over-rewarding storage and duplicating Balancing Mechanism (BM) incentives.

A later approach counted only imports during constrained periods. Difficulties included defining constraints, deciding whether eligibility should depend on forecasts or system-operator actions, recognising imports that prevented constraints, obtaining data and avoiding an operational dispatch signal through Transmission Network Use of System (TNUoS).

A further refinement used Physical Notifications to distinguish planned imports that would count towards ALF from additional BM-instructed imports. Whether these restrictions were justified and could be implemented remained subject to assessment.

### Double counting and investment signals

A Workgroup member questioned whether combining TNUoS benefits and BM revenues constituted double counting. The Proposer clarified that double counting was an earlier concern rather than a conclusion supported by definitive analysis. The issue required further review.

Another Workgroup member highlighted the Authority's rejection of CMP393 and the distinction in its reasoning between BM operational rewards and TNUoS investment signals. The relevance of this reasoning to CMP405 remained to be assessed.

The Proposer considered whether developments in balancing arrangements and work on repetitive retrading affected earlier concerns about over-rewarding storage. No agreement was reached on whether these developments removed double-counting risks or justified broadening the solution.

### Evidence and outstanding analysis

The Proposer referred to commissioned consultancy analysis and TNUoS Storage Subgroup analysis indicating benefits from storage behind constraints. The subgroup analysis also highlighted the relevance of storage duration. These findings required testing for applicability to CMP405; the meeting did not establish a quantified consumer benefit from implementation.

A Workgroup member questioned how reduced constraint costs or volumes would reduce future transmission infrastructure needs. NESO and/or Transmission Owner input was needed to distinguish operational benefits from longer-term investment effects.

The NESO Representative called for robust supporting evidence. Members discussed reviewing LCP, Frontier Economics and Storage Subgroup analysis, testing older assumptions and avoiding duplication. The NESO Representative offered to share the publicly available analysis with a Workgroup member.

A Workgroup member questioned whether changes limited to demand charging would leave wider storage-charging issues unresolved and whether existing load-factor assumptions reflected the current generation mix. The Proposer considered that the demand-side solution should be assessed on its own merits. Its relationship with generation charging remained unresolved.

## Terms of Reference (ToR)

The updated Terms of Reference covered EBR implications; CMP393 and the Authority's decision; constraint and transmission costs; Storage Subgroup analysis; distribution-connected storage;

long-duration electricity storage (LDES) cap-and-floor arrangements; storage behind constraints and repetitive retrading; and RNP.

Workgroup members broadly supported this assessment framework but did not confirm that the Terms of Reference had been met. The Proposer emphasised the need for sufficient evidence in each area to support the Authority's decision.

A Workgroup member noted that LDES assets operating above the cap-and-floor scheme's floor could remain exposed to TNUoS charges, irrespective of how those charges were treated at the floor. The interaction therefore remained relevant to the locational signal.

## Cross-code impacts and implementation dependencies

The Proposer identified a need to confirm whether NESO's charging team could obtain Physical Notification and other required operational data from Elexon. A consequential Balancing and Settlement Code (BSC) modification might be necessary, but this was unconfirmed.

A Workgroup member highlighted the storage state-of-charge and technical-information requirements associated with GC0166. The relevance of GC0166 to CMP405 would be investigated.

Workgroup members discussed whether distribution-connected storage should be eligible for the proposed TNUoS benefit. A Workgroup member clarified that CMP405 concerned TNUoS treatment, not changes to Distribution Use of System (DUoS) charges. Eligibility and implementation arrangements remained unresolved.

## Further assessment identified

The Proposer would begin the Terms of Reference assessment, including CMP393, double counting, ALF, Physical Notifications and the continuing relevance of earlier analysis.

Other matters requiring assessment included the link between constraint reductions and transmission investment, data access and any consequential BSC changes, GC0166, distribution-connected storage, LDES cap-and-floor arrangements, repetitive retrading and RNP.

## Next Steps

The Chair and Proposer agreed to coordinate priorities and circulate topics ahead of Workgroup 8 on **19 November 2026**. Detailed assessment and evidence review would begin at that meeting.

The final solution, assessment against the Applicable CUSC Objectives, legal text and Workgroup vote remained outstanding, pending further development and consultation.

## Actions

For the full action log, click here.

| Action Number | Workgroup Raised | Owner | Action | Due by | Status |
|---|---|---|---|---|---|
| 1 | WG7 | AB | Contact EDF to establish whether replacement Workgroup representatives should be nominated. | WG8 | Open |
| 2 | WG7 | AB | Inform the CUSC Panel of the agreed attendance and voting approach at October panel. | WG8 | Open |
| 3 | WG7 | AB/DC | Identify the priority Terms of Reference and supporting evidence for Workgroup 8, and circulate the proposed topics in advance. | WG8 | Open |
| 4 | WG7 | PM/SD | Share the publicly available LCP and Frontier Economics supporting analysis with the Workgroup. | WG8 | Open |

## Attendees

| Name | Initial | Company | Role |
|---|---|---|---|
| Ayo Bammeke | AB | Code Administrator NESO | Chair |
| Mollie Griffiths | MG | Code Administrator NESO | Tec Sec |
| Damian Clough | DC | SSE | Proposer |
| Andrew Enzor | AE | Field Energy | Workgroup member |
| Benchohra Sayah | BS | NGET | Workgroup member |
| Daniel Hickman | DH | NESO | SME |
| Callum Chalmers | CC | Statera Energy | Workgroup member (alternate) |

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|---|---|---|---|
| Daniel De Wijze | DDW | Ofgem | Authority Representative |
| Ishtyaq Hussain | IH | NESO | SME |
| Kyran Hanks | KH | CUSC Panel member | Workgroup member |
| Lamin Saidy Vulart | LV | Qair Renewables UK | Workgroup member |
| Matthew Paige - Stimson | MPS | NGET | Workgroup member (alternate) |
| Oisin Akira Donnelly | OAD | Pulse Clean Energy | Observer |
| Sam Whitworth | SW | Octopus Energy | Workgroup member |
| Richard Gow | RG | First Hydro Company (ENGIE) | Workgroup member |
| Stephen Dale | SD | NESO | NESO Representative (alternate) |
| Paul Youngman | PY | Drax | Workgroup member |
| Paul Mott | PM | NESO | NESO Representative |
| Vivek Kodige | VK | Qair Renewables UK Limited | Workgroup member |
| Xuefei Zheng | XZ | RWE | Workgroup member |