System Operator Transmission Owner Code (STC) Modification Proposal PM0158: Changes to TNUoS timings Protocols

Decision:	The Authority[1] has decided to reject[2] this modification proposal
Target audience:	National Energy System Operator (NESO), Parties to the STC, the STC Panel and other interested parties
Date of publication:	9 November 2026

Background

NESO (the 'Proposer') raised PM0158 (the 'Proposal') on 09 June 2026.

NESO has a lead time between the finalisation of Offshore Transmission Owner (OFTO) revenues and the publication of final Transmission Network Use of System (TNUoS) tariffs of four to six calendar days. This data exchange of revenue forecasts from Transmission Owners (TOs) to NESO is outlined in STCP24-1 (System Operator Transmission Owner Codes & Procedures)[3], while STCP14-1 outlines the same provision for OFTOs. NESO uses the data it receives to inform TNUoS tariffs, and this modification proposes extending this lead time for OFTOs to 10 calendar days in most circumstances.

The Proposal would also allow additional data requirements for TOs and OFTOs. When preparing tariff forecasts, NESO relies on revenue information submitted by TOs, which may need to be updated following Ofgem's price-control determinations. The STC does not provide an express mechanism for NESO to request additional forecasts. The Proposer considers that the modification would allow NESO to request additional forecasts when needed.

[1] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.
[2] This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.
[3] System Operator Transmission Owner Code (STC), available at: System Operator Transmission Owner Code (STC).

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The modification proposal[4]

This modification has two distinct components, which are presented as a singular package for the purposes of this modification.

The first component of the Proposal is an earlier OFTO final submission deadline. The Proposer stated in this modification that growing forecast complexity has increased time pressures on NESO in recent years in publishing the final TNUoS tariffs. This increasing time pressure, together with the additional complexity arising from the increasing number of OFTOs, the Proposer argued, has the potential to increase risks during the validation and use of revenue data. As such, NESO have proposed changes to the OFTO final submission deadline.

The Proposal seeks to make changes to the submission arrangements for OFTOs by changing the Offshore TO submission date for final revenue for FY+1 (Financial Year+1) and updated forecasts for FY+2 to FY+6 to 15 January, bringing it forward by 10 calendar days. For OFTOs whose Licence Revenue Indexation Adjustment Term calculation requires a December price index, the current 25 January submission date would be retained. The submission date would remain the same for those OFTOs as the relevant forecast cannot be finalised until the index has been published.

In addition, the Proposal seeks to make further changes to the timetable provisions by:

- using the 7 January each Financial Year Y onshore TOs will update and provide a final forecast of TTOt[5] for Financial Year Y+1
- retaining 25 January, or by 15 January for OFTOs that are not required to use a December price index in the calculation of their Licence Revenue Indexation Adjustment Term, of each Financial Year Y OFTOs will update and provide a final forecast of TOFTOt[6] for Financial Year Y+1

[4] PM0158 - The Proposal
[5] TTOt is the forecast aggregate revenue to be recovered in respect of the onshore Transmission Owners in Financial Year t.
[6] TOFTOt is the forecast aggregate revenue to be recovered in respect of Offshore Transmission Owners in Financial Year t.

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- By the 14 January each Financial Year Y, NESO will share and publish the indicative final TNUoS tariffs with TOs for Financial Year Y+1

The second component of the Proposal is to allow for additional / ad hoc forecast requests. This modification would allow NESO to request additional forecast submissions from XX, outside the existing cycle.

The modification proposes additional data requirements allowing NESO to request additional forecasts with 60 days' notice, the use of substitute data, forecasts beyond Financial Year+6 where required, additional commentary, and high and low sensitivities around allowed-revenue forecasts. The Proposer argues that this will support timely final determinations, including during price control forecasting and in unforeseen circumstances.

The Proposer suggests that these changes will improve the accuracy of forecasts and reduce the risk of mistakes arising from short lead times.

STC Modification Panel[7] recommendation

The STC Modification Panel (the 'Panel') considered this modification on 26 August 2026. The Panel considered that PM0158 would not better facilitate the STC Objectives[8], and the Panel voted against recommending its approval by a majority of four votes to one.

NESO outlined in the Proposal document that this modification would mitigate risks in forecast calculations and benefit both NESO and the wider industry. Although the other STC parties did not strongly oppose bringing forward most final OFTO revenue submissions, the Panel members raised significant concerns about the additional forecasting requirements. Concerns were also raised about the lack of evidence from NESO that the changes would

[7] The STC Modification Panel is established and constituted from time to time pursuant to and in accordance with section B6 of the STC.
[8] The Applicable STC Objectives are set out in Standard Condition B12 of the Transmission Licence and Standard Condition E4 of the Electricity System Operator Licence.

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improve decision-making. The Panel was unable to reach agreement, and it was therefore agreed that the modification should progress to the Authority for consideration.

The Panel members did not make specific assessments on each of the individual STC objectives but instead gave general statements on their views of the modification. TO and OFTO representatives considered that the Proposal had not demonstrated sufficient benefits under the STC Objectives to justify the additional obligations.

Our decision

We have considered the issues raised by the Proposal and taken account of the STC Panel statements submitted to the Authority on the 28 August 2026. We have concluded that implementation of the modification proposal will not better facilitate the achievement of the STC Objectives.

Reasons for our decision

We consider that this modification would better facilitate Objective (b) but would have a negative impact on STC Objectives (a) and (f). We consider it would have a neutral impact on the other STC Objectives.

While the changes proposed in this modification would have a positive impact under Objective (b), concerns under Objectives (a) and (f), particularly the additional forecasting requirements and lack of clear safeguards, carry greater weight. This determination has been reached, as despite the modification allowing NESO to efficiently discharge their statutory obligations, the impact on TOs and OFTOs have not been sufficiently considered by the Proposer. We therefore consider that the modification would not better facilitate the Applicable STC Objectives overall.

The Authority considers that the modification is too broad in scope and comprises of multiple distinct components, which as a package have failed to demonstrate that the benefits perceived by the Proposer will outweigh the potential negative impact on TOs/OFTOs. Any

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future modification relating to the proposed measures would benefit from a narrower scope, allowing the individual components to be analysed separately.

(a) efficient discharge of the obligations imposed upon Transmission Licensees by Transmission Licences and the Electricity Act 1989

The Proposer considers that this modification will have a neutral impact against this Objective, stating that the earlier OFTO final submission deadline would not be overly onerous, whilst the additional forecasting requirements will de-risk the process. The Proposer did not provide any evidence for their determination of how onerous the additional forecasting requirements would be for TOs.

The Proposer does not define when requests could be made or limit how frequently they could be used. We consider this could place an unreasonable burden on TOs, if NESO used this provision frequently, by requiring TOs to provide additional data at 60-days notice.

Overall, we consider the evidence provided does not sufficiently show that this additional data would lead to more accurate TNUoS forecasts or that its benefits would outweigh the additional burden on TOs. We recognise that there may be merit in NESO having a mechanism to request additional forecasts. However, any future proposal should include clear safeguards specifying the circumstances in which that mechanism may be used and should be supported by a clear cost-benefit analysis to enable the Authority to assess it.

Due to the impact of the proposed changes to STCP24-1 paragraph 3.2, we consider that the Proposal would not better facilitate Objective (a).

(b) efficient discharge of the obligations imposed upon the licensee by the Electricity System Operator licence, the Energy Act 2023, and Electricity Act 1989

The Proposer considers that PM0158 would have a positive impact against Objective (b). The Proposer highlights that under the current arrangements (the 'Baseline'), there are significant resource pressures currently associated with finalising TNUoS tariffs, due to the short period

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between final OFTO submissions and the statutory deadline for publication. The Proposer stated that the modification would provide NESO with additional time to carry out assurance checks and support future modelling.

The Authority agrees with the Proposer that the changes to STCP24-1: 3.4 and STCP14-1: 3.4.4 to 3.4.6 would have a positive impact on NESO's ability to discharge its obligations efficiently under the Energy Act 2023 and the Electricity Act 1989. The Authority is aware that NESO can face resource pressures when inputting final OFTO revenue data and producing final TNUoS tariff publications by 31 January. These changes to the annual submission dates would give NESO a reasonable period in which to carry out revenue forecasting. The baseline creates a constrained timeframe that places pressure on NESO, and the modification would reduce that pressure. The Authority expects the impact on TOs and OFTOs to be minimal, given the limited change to the timeframes.

The wider changes as presented in this modification also have the potential to benefit NESO in carrying out their statutory obligations – however, these wider changes are less comprehensively evidenced. NESO do not outline how the additional forecasts will improve forecasting accuracy, and the Panel argue that increased accuracy is not guaranteed. Though, the Authority has concluded that the additional forecasting requests would give NESO a more flexible mechanism to request data, which would be to their benefit.

We therefore consider that the Proposal would better facilitate Objective (b).

(d) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity

The Proposer outlined that they believe that the modification will have a positive impact on this Objective, stating enhanced forecasting will aid suppliers' planning abilities and de-risk the process for all relevant stakeholders.

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The Proposer has not provided evidence to suggest a change in final TNUoS submission dates for OFTOs would have a positive impact against this Objective. In addition, we do not consider it has been sufficiently demonstrated that the additional data proposed to be collected within this modification will enhance forecasting. If enhanced forecasting were demonstrated to be more accurate, this would likely have a positive impact against this Objective. However, the Proposer has not provided evidence to this effect, as such, we conclude the Proposal is neutral against Objective (d).

(f) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC

The Proposer considers that the modification would have a positive impact under this Objective arguing this would be achieved by reducing risks in the calculation process, which would in turn reduce the risk of administrative errors and improve the efficiency of its processes.

The Proposer suggests that this will de-risk the forecasting process. However, given the potential for an increase in the number of additional forecasts, this could promote poor practice if NESO overuses this ability. The Authority recognises TOs' concerns that there is no detail on what would trigger an additional forecast, and that this ability could be used frequently. NESO has not set out any analysis of the impact on TOs beyond a recognition that TOs may have an issue with the timing details set out in the Proposal.

Given the lack of information provided in the Proposal, there is a potential for negative consequences if requests for additional forecasts are overused. As there is a lack of protection against overly frequent forecasts, even if the impact on TOs of providing additional data is limited, the Authority recognises the potential negative impact of this Proposal. The Proposer does not provide any evidence on the impact of the earlier submission deadline for OFTOs final submission against this Objective. We therefore consider that the Proposal would not better facilitate Objective (f).

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Decision notice

In accordance with Standard Condition B12 of the Electricity Transmission Licence and Standard Condition E4 of the Electricity System Operator Licence, the Authority hereby directs that the modification proposal PM0158: Changes to TNUoS Timing Protocols should not be made.

Jonathan Bowes

Head of Charging Transitional and Cross-Cutting

Energy Systems Management and Security

Signed on behalf of the Authority and authorised for that purpose

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