

# **CMP475: Amendment to the BSUoS tariff reset process**

Workgroup 3, 11 May 2026

Online Meeting via Teams

# WELCOME

# Agenda

Topics to be discussed	Lead
Introductions	Chair
Objectives and Timeline	Chair
Legal Text	Proposer
Workgroup Consultation	Chair
Terms of Reference	All
Any Other Business	Chair
Next Steps	Chair

## Expectations of a Workgroup Member

Contribute to the discussion

Be respectful of each other's opinions

Language and Conduct to be consistent with the values of equality and diversity

Do not share commercially sensitive information

Be prepared – Review Papers and Reports ahead of meetings

Complete actions in a timely manner

Keep to agreed scope

Email communications to/cc'ing the .box email

## Your Roles

Help refine/develop the solution(s)

Bring forward alternatives as early as possible

Vote on whether or not to proceed with requests for Alternatives

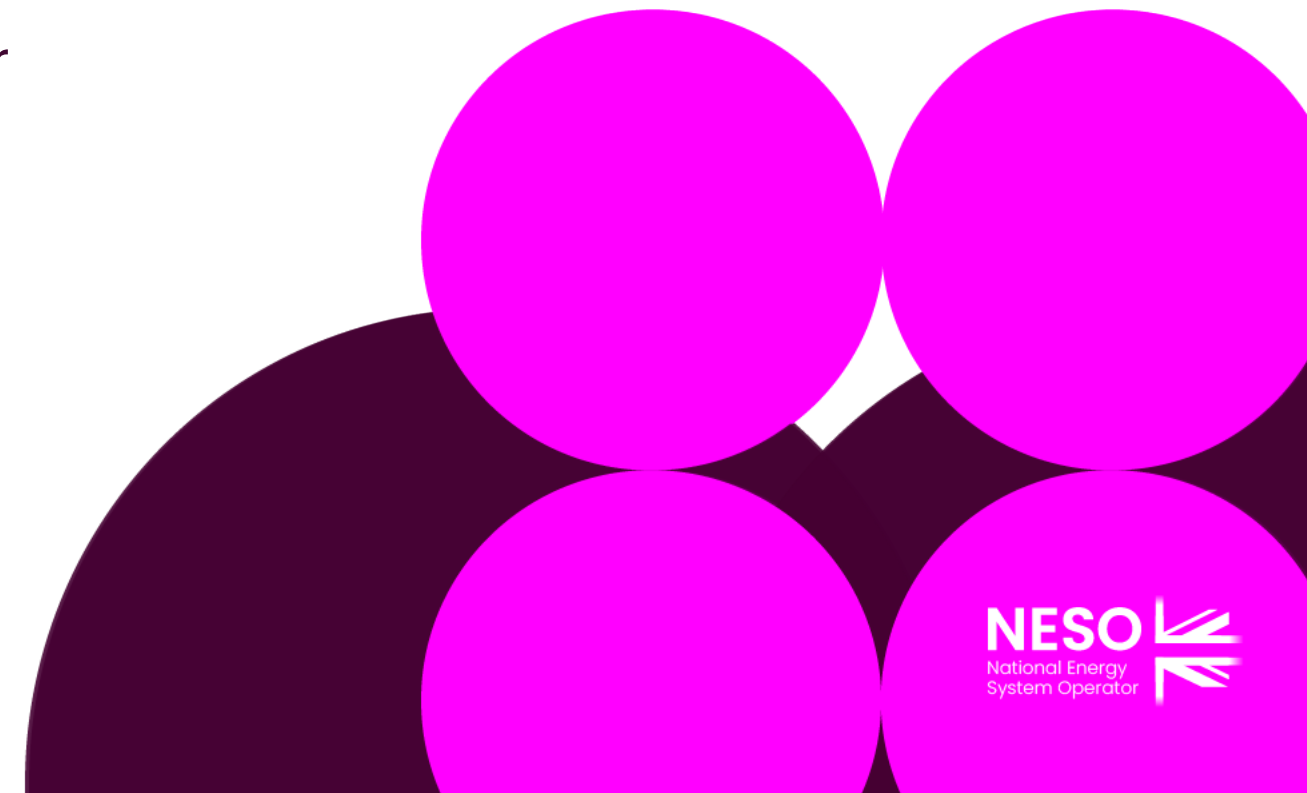
Vote on whether the solution(s) better facilitate the Code Objectives

# Workgroup Membership

Role	Name	Alternate	Company
Proposer	Alex Curtis	Martin Cahill	NESO
Workgroup Member	Damian Clough	Andy Colley	SSE
Workgroup Member	Gareth Evans	Andrew Green	Waterswye Associates (nominated by Corona Energy)
Workgroup Member	James Knight	Gregory Edwards	Centrica
Workgroup Member	Karl Maryon	Paul Youngman	Drax Energy Solutions Limited
Workgroup Member	Louise Hellyer	William Cartwright	TotalEnergies Gas And Power
Workgroup Member	Pawel Czarnowski	Komal Brown	Scottish Power
Authority Representative	Ghulam Haider	David Tooby	Ofgem

# Objectives and Timeline

Robert Hughes – NESO Code Administrator

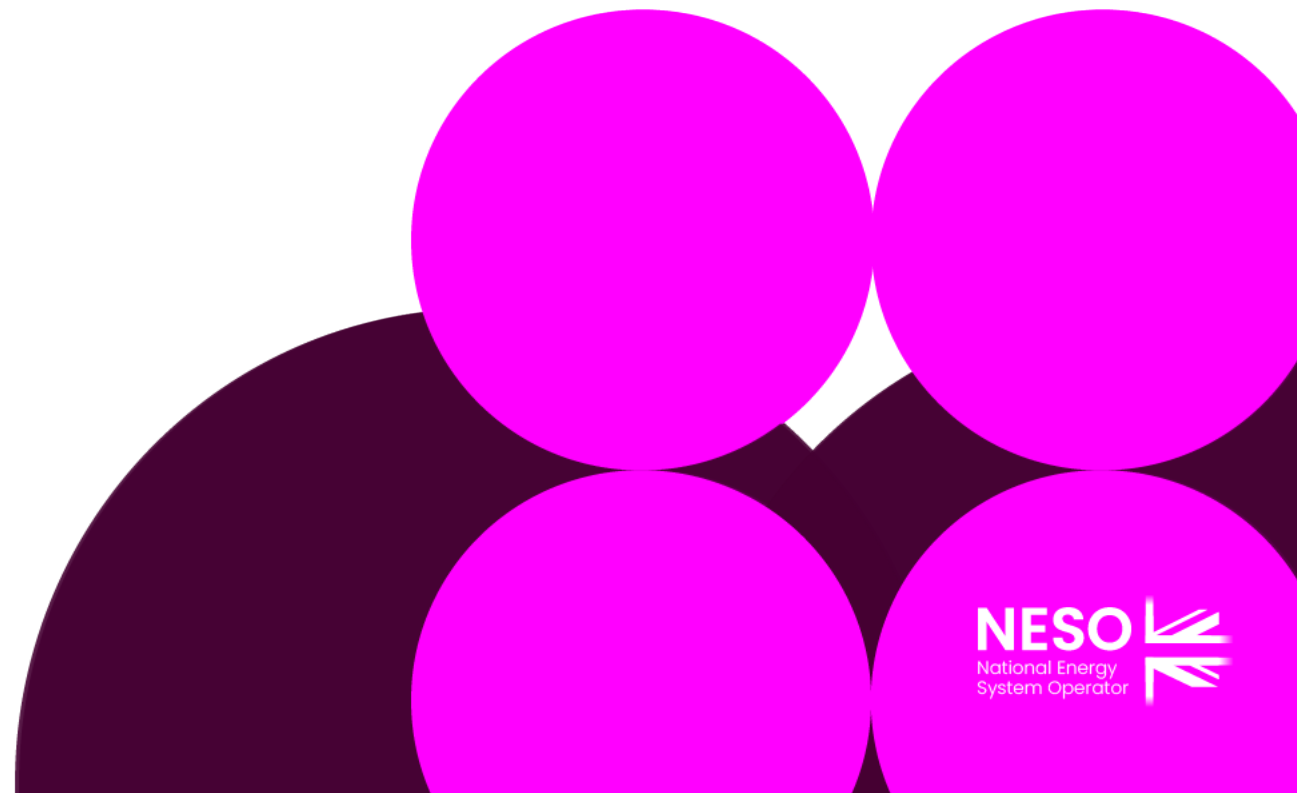


## Urgent Timeline for CMP475 as at 21 April 2026

Milestone	Date	Milestone	Date
Modification presented to Panel	21 April 2026	Workgroup report issued to Panel	16 June 2026
Workgroup Nominations (4 Business Days)	21 April 2026 to 27 April 2026	Panel sign off that Workgroup Report has met its Terms of Reference	19 June 2026
Ofgem grant Urgency Ideally maximum of 3 Business Days from date presented to Panel	27 April 2026 (5pm)	Code Administrator Consultation (4 Business Days)	23 June 2026 to 29 June 2026
Workgroup 1	30 April 2026	Draft Final Modification Report (DFMR) issued to Panel	07 July 2026
Workgroup 2	07 May 2026	Panel undertake DFMR recommendation vote	10 July 2026
Workgroup 3	11 May 2026	Final Modification Report issued to Panel to check votes recorded correctly	10 July 2026
Workgroup 4	15 May 2026	Final Modification Report issued to Ofgem	10 July 2026
Workgroup Consultation (4 Business Days)	19 May 2026 to 25 May 2026	Ofgem decision	17 July 2026
Workgroup 5	28 May 2026	Implementation Date	31 July 2026
Workgroup 6	02 June 2026		
Workgroup 7	05 June 2026		
Workgroup 8	10 June 2026		

# Legal Text

Martin Cahill – NESO



# What is the proposed solution?

Where NESO forecasts that the Working Capital Fund (WCF) will be exceeded in a Fixed Price Period, NESO would be permitted to reopen & amend one or both Fixed Price Periods.

Secondly a new concept of a "Top-Up Tariff" (or similar) would be introduced.

The Top-Up Tariff would enable NESO to begin recovering the WCF back towards a neutral (£0) position, addressing the defect highlighted in previous slides

The aim is to support WCF recovery with the minimum possible market disruption.

# Legal changes

So as we have discussed the NESO modification to CUSC looks at two changes

1. Being able to trigger a Tariff reset ahead of the Forecast WCF hitting -£300m, so being proactive and softening the impact of the trigger
2. Being able to under a reset the tariff and not just hold the WCF at level when it was triggered instead allow it be increased to move back towards neutrality

The proposal does not look to make significant changes to the existing CUSC text, the changes are shown below

# S14.31.15

14.31.15 If before or during a Fixed Price Period, The Company ~~forecasts~~ believes there is a risk that it will neither recover sufficient funds through BSUoS Charges nor will it hold sufficient funds in the Industry BSUoS Fund and the BSUoS Working Capital Facility to meet balancing costs ~~during that Fixed Price Period~~, The Company has the right to set ~~a~~ revised Fixed BSUoS Price for the entirety of the or remainder of ~~that~~ the Fixed Price Period.

The changes here allow NESO to trigger a tariff reset ahead of the forecasted BSUoS value breaching the Working Capital Facility during the Fixed Price Period

# S14.31.16

14.31.16 In the case that The Company needs to issue a revised Fixed BSUoS Price, then The Company will use reasonable endeavours to consult on the revised Fixed BSUoS Price prior to its application. The Company will provide a minimum notice of five Business Days before the commencement of a revised Fixed BSUoS Price.

No changes required

# S14.31.17

14.31.17 The revised Fixed BSUoS Price, described in Paragraph 14.31.15, is determined by the following formula:

$$\text{FixedBSUoSPrev}_s = \frac{f\text{BSUoS}T\text{OT}_s + f\text{BSUoS}T\text{OP}}{fTQM_s + fSGQM_s}$$

Where:

FixedBSUoSPrev<sub>s</sub> = The revised Fixed BSUoS Price for the number of Settlement Days s remaining in the Fixed Price Period

fBSUoSTOT<sub>s</sub> = forecast of remaining balancing costs for the number of Settlement Days s remaining in the Fixed Price Period. The Company would use reasonable endeavours to consult on this value, pursuant to Paragraph 14.31.16.

fBSUoSTOP<sub>s</sub> = forecast of additional recovery required to return under collection to zero by the end of the Fixed Price Period if realistic and reasonable

Amending the formulae to add in the Top up tariff concept to the existing calculation

# S14.31.18 & 19

14.31.18 Pursuant to Paragraph 14.3 1.17, ~~at~~ the revised Fixed BSUoS Price only covers costs for the remainder of the relevant fixed Price Period. ~~The BSUoS Working Capital Facility would be built back up in subsequent Fixed Price Periods, via the Fixed BSUoS Prices calculated for those Fixed Price Periods.~~

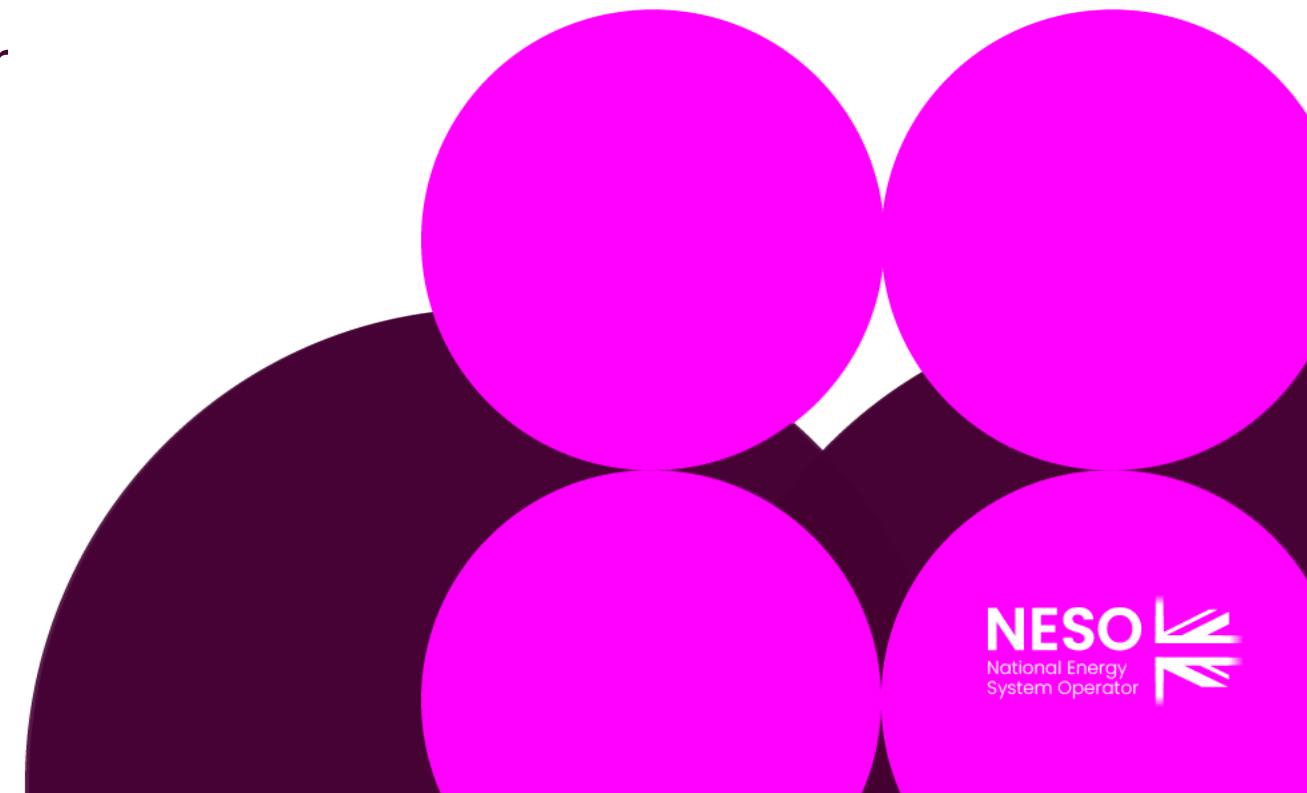
14.31.19 Subject to the provisions of 14.31.15-14.31.18, **The Company** may issue a revised **Fixed BSUoS Price** for the **Fixed Price Period** if deemed necessary to protect the **BSUoS Working Capital Facility**.

Clause 18 is amended to show that now the recovery will happen in the current Period and will not now be recovered in subsequent Periods

Clause 19 is added in to ensure clarity why NESO is issuing a revised Fixed BSUoS Price

# Terms of Reference

Robert Hughes – NESO Code Administrator



# Terms of Reference

## Workgroup Term of Reference

a) Consider EBR implications

b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.

c) Consider the trade-off between NESO and Supplier cashflow risks

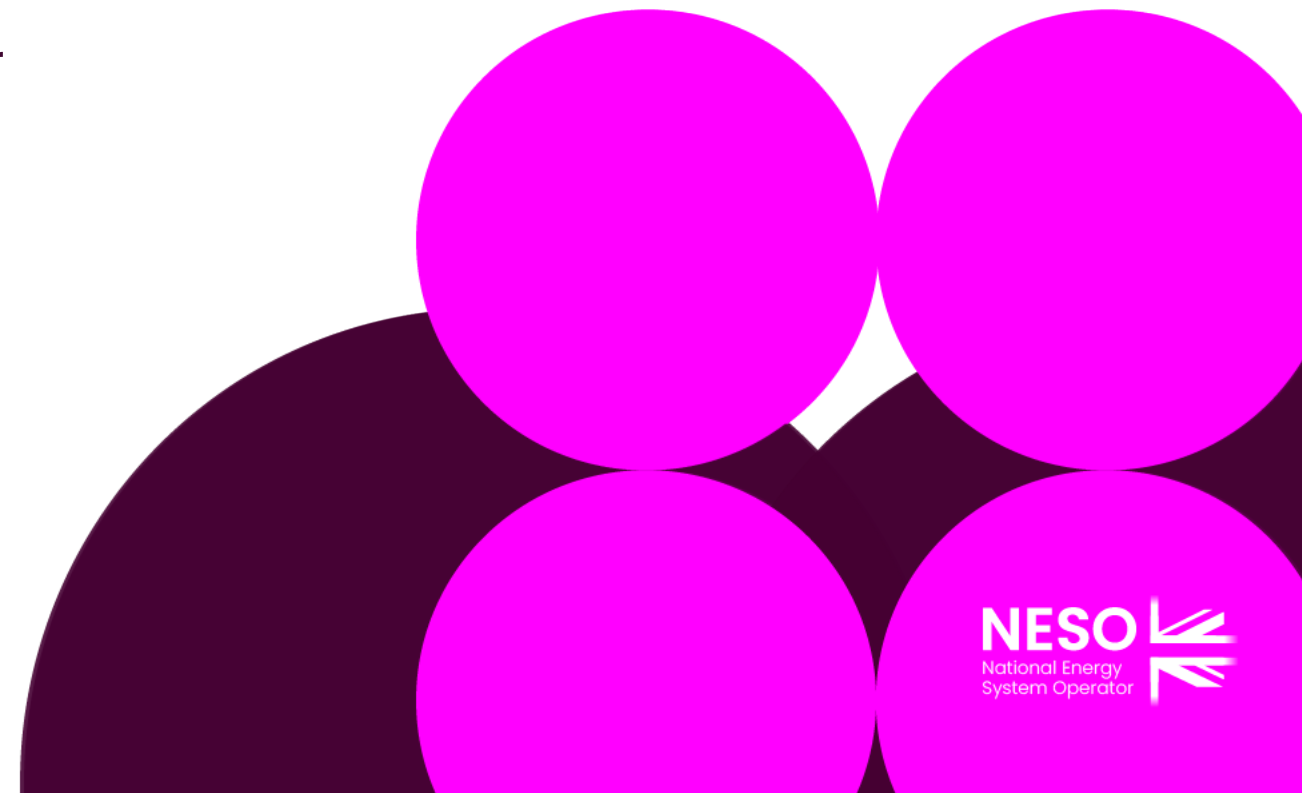
d) Consider the interactions between CMP475 and any other in-flight urgent BSUoS mods

e) Consider how CMP475 interacts with the energy price cap and in turn how CMP475 will impact consumer bills

f) Consider the impacts on the security and safety of the system

# Any Other Business

Robert Hughes – NESO Code Administrator



# Next Steps

Robert Hughes – NESO Code Administrator

