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Code Administrator Consultation Response Proforma

CMP417: Extending principles of CUSC Section 15 to all Users

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 **20 May 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:	Matthew Paige-Stimson	
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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 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 checked="" type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

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

For reference the Applicable CUSC (non-charging) Objectives are:

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- i. *The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;*
- ii. *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- iii. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and*
- iv. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

** See Electricity System Operator Licence*

***The Electricity Regulation referred to in objective (iii) 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 2020/1006.*

For reference, (for consultation question 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;*

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- 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?

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.

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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 against the Applicable Objectives against the current baseline.	Mark the Objectives which you believe the proposed solution better facilitates than the current baseline:
		Original <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		<p>We recognise and support the intent of CMP417 and agree that a consistent approach to security methodologies would deliver a more equitable framework for users, as well as improved clarity and administration. As such the proposal has merit and the potential to better facilitate some Applicable Objectives.</p> <p>However, as noted in Ofgem’s Demand call for input, there are evolving demand trends and potential market behavioural signals that are important to consider in the implementation of changes to current demand security arrangements. In the context of a large and unconstrained connections queue, signals must drive efficient progression of projects and wider transmission works, ensuring these support all connections, net-zero, and the wider growth agenda. The key trends for consideration are not new, but are relevant, these include:</p> <ul style="list-style-type: none"> - the scale of demand within the connections queue (circa 125GW as of June 2025); - the potential for interactions between demand projects to influence delivery timelines for other users within the queue, including strategically important developments; - the necessary increase in required network and generation capacity implied by contracted demand volumes, particularly from large-scale users such as data centres; - the implications for network reinforcement, and the need to adapt to ensure TOs can plan and time investment that is ultimately shared between users and consumers; and - the impact on progression or cancellation patterns across the queue, which can lead to greater consumer exposure.

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	<p>We therefore consider that the effectiveness of CMP417 will be enhanced through alignment with Ofgem’s wider programme of demand reform. Such as:</p> <ul style="list-style-type: none"> - Connections Reform arrangements, including project progression and gating; - Frameworks that support clearer signals on delivery readiness and commitment; - Strategic approaches to demand siting and network planning; and - Wider policy developments relating to the designation and prioritisation of strategically important demand projects. <p>Consistency between the revised security arrangements and this broader framework will help support efficient outcomes for the whole system. CMP417 can therefore better facilitate Applicable Objective (iv) relative to the baseline.</p> <p>Objective I - neutral</p> <p>We consider the impact of CMP417 on this objective to be broadly neutral. The move to a consistent security methodology for all Users has the potential to support more proportionate and transparent allocation of network costs, better reflecting the shared use of transmission assets, as well as improving consistency in how obligations are managed and discharged.</p> <p>As above, there are considerations linked to how security arrangements interact with project progression and cost recovery over time (if / when terminations occur), including potential consumer exposure where costs are not fully recovered from individual users. However, these are not new and are already inherent within the existing securities framework for Generation.</p> <p>On balance, CMP417 does not materially changes the efficient discharge of obligations relative to the baseline, but it can support greater consistency and proportionality across user groups (see Objective iv below), particularly where delivered alongside Ofgem’s wider programme of demand reform.</p>
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2	Do you have a preferred proposed solution?	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		<p>Subject to alignment with Ofgem’s wider demand reforms, we prefer the Original proposal. We recognise the benefits of moving to a consistent securities framework for all Users, including a more equitable approach to shared network investment.</p> <p>As set out in response to Q1, the effectiveness of this change will be influenced by how the revised security arrangements (if approved) interact with the wider connections framework. While lowering barriers to entry may encourage a broader range of demand projects to come forward and support growth objectives, it reinforces the importance of maintaining clear and effective signals – those which support project progression and our efficient sequencing of transmission works.</p> <p>In this context, and where it can complement Connections Reform, we consider that CMP417 represents a positive step towards a more consistent and efficient framework for connections.</p>

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3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<p>While we support the proposal, the proposed implementation does not reflect the scale of what’s needed to implement the proposal.</p> <p>We recognise the need to implement CMP417 within a timely window; however, given the scale and complexity of changes required, the current implementation timeline presents practical challenges. We estimate that this transition will affect a large volume of existing agreements, (circa 160 demand user offers and 420 DNO offers, with ~75% of these offers to contracted dates up to 2030) so there is limited scope to reduce near term implementation effort through triaging by contracted date. All of these offers will require amendments to Transmission Owner construction agreements and associated NESO BCAs, alongside customer engagement and acceptance processes.</p> <p>By comparison, CMP192 involved a smaller volume of change but allowed for a 12-month implementation period. CMP417 would need to be delivered alongside ongoing Connections Reform activity and business-as-usual processes, requiring coordinated updates to contractual arrangements, data provision, and internal systems within a relatively compressed timeframe.</p> <p>While some elements can be aligned with wider Connections Reform activity, the proposed implementation window between:</p> <ul style="list-style-type: none"> - October/November 2026 approval, and - 8th January 2027 deadline for TO securities data provision to NESO, <p>is too short to complete these changes in a robust and efficient manner.</p> <p>A delivery approach that allows sufficient time for implementation, and where possible aligns with key Connections Reform milestones and offer cycles, would help minimise rework and support a more efficient transition for all parties.</p>

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4	Do you have any other comments?	<p>In supporting CMP417, we believe it is important to consider the proposal against the composition of demand in the connections queue today, being mindful of the different potential and risks posed by different demand sectors (e.g. Data, Hydrogen, Manufacturing, Rail, DNO etc.) to ensure this mod delivers the right outcomes.</p> <p>It is our assessment that the impact of CMP417 is likely to be most pronounced for large-scale demand users, particularly data centre developments, which make up a significant proportion of the non-DNO queue in both project numbers and total MW. They are more likely to benefit from the move to a shared and proportionate liability framework, given the scale of network reinforcement associated with their connections and, in some cases, the co-location of projects with other demand developers.</p> <p>This reinforces the importance of CMP417 aligning with the broader demand connections framework being progressed by Ofgem. Ensuring CMP417 is implemented within this evolving framework will help maximise its benefits and support efficient outcomes across the system.</p>
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?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Yes, we agree.</p> <p>Click or tap here to enter text.</p>