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CUSC Alternative Form – Non Charging

WACM4: Include co-located and staged projects within scope

Overview: The only change to the CMP470 proposal is co-located and staged projects of oversubscribed technologies remain liable for the OTCF regardless of whether the second and subsequent connection has no attributable works or connection costs.

Proposer: Andrew Dudkowsky – NESO

☒ I/We confirm that this Alternative Request proposes to modify the non - charging section of the CUSC only

What is the proposed alternative solution?

If a technology is oversubscribed and the Oversubscribed Technologies Commitment Fee (OTCF) is triggered, the OTCF will apply to all Transmission Entry Capacity (TEC) of the oversubscribed technology in the connections queue. This includes co-located projects where the oversubscribed technology connects after a non-oversubscribed technology that have no attributable works or connection cost. It will also apply to staged connections for oversubscribed technologies even if the second and subsequent connections have no attributable works or connection costs.

Co-located or multiple stage queue items must be treated in line with the overall TMO4+ approach and objectives, as approved by Ofgem in April 2025.

That approach treats co-located projects or staged projects as separate queue items that need to meet the Gate 2 criteria in their own right e.g. alignment with Clean Power 2030 (CP30) Action Plan capacities¹

The rationale for that approach, as set out in the Target Model Option 4 Plus (TMO4+) Impact Assessment² and documentation approved by Ofgem, is that it treats each queue item in line with how it behaves and the impact it has on the system operation, and on local and wider network investment requirements. An import/export battery behaves like a battery on the system and participates in the battery market – irrespective of whether it is co-located with another technology or whether it is a subsequent stage to an existing battery, and irrespective of whether it has attributable works or additional connection costs.

To exclude co-located or later stage batteries would be to exclude queue items from scope that contribute to battery oversupply and that cause issues from a system operation and transmission works perspective (e.g. that contribute towards fault levels at substations / Grid Supply Points).

Co-located or multi-staged items were not given any preferential treatment under the approved TMO4+ approach or under the Progression Commitment Fee³ and it would not be appropriate to treat them differently for the purposes of this proposal.

¹ assets.publishing.service.gov.uk/media/677bc80399c93b7286a396d6/clean-power-2030-action-plan-main-report.pdf

² TMO4+ Impact Assessment

³ Progression Commitment Fee (PCF) | National Energy System Operator

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What is the difference between this and the Original Proposal?

Using the same scenario above, the original proposal would exclude oversubscribed technologies in co-located or staged projects if the second and subsequent connections generated no attributable works or connection costs.

What is the impact of this change?

National Energy System Operator (NESO) believes that this alternative is required to ensure that the incentives and signals introduced by CMP470 are not diluted. Without this, there is a significant risk that battery oversupply will not be sufficiently managed, therefore increasing the likelihood of the risks created by battery oversupply materialising – additional network reinforcement requirements, increased costs and potential delays to the connection of other projects. Additionally, not including this as an alternative will also reduce the overarching benefits introduced through TMO4+. These include: 1) more efficient network planning, build and connections, 2) investor confidence for ready and needed projects and 3) the timely delivery of connections for projects to deliver Clean Power by 2030 and net zero by 2050⁴.

Depending on the outcome of Transmission Owner (TO) engineering assessments, Transmission Owner Construction Offers (TOCOs) and Gate 2 Offers, that have not yet been drafted (and are not due to be determined in some cases for several months), not including this alternative also risks the Mega Watt (MW) figure for triggering the OTCF not being reached. Thus, further risking the benefits of this code modification being reduced.

Proposer's assessment against CUSC Non-Charging Objectives

Relevant Objective	Identified impact
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⁴ TMO4+ Connections Reform Proposals – Code Modifications, Methodologies and Impact Assessment

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(i) The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;	Positive
(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;	Positive
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	Positive
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive

* 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.

When will this change take place?

Implementation date:

As per original solution.

Implementation approach:

As per original solution.

Acronyms, key terms and reference material

Acronym / key term	Meaning
CP30	Clean Power 2030
NESO	National Energy System Operator
OTCF	Oversubscribed Technologies Commitment Fee
TEC	Transmission Entry Capacity
TMO4+	Target Model Option Four.

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TO	Transmission Owner
TOCO	Transmission Owner Construction Offer