

Public

CUSC Panel

Friday 27 June 2025

Online Meeting via Teams

Public

WELCOME

Purpose of Panel & Duties of Panel Members

The **Panel** shall be the standing body to carry out the **functions** referred to in CUSC – Section 8 CUSC Modification (8.3.3)

The **Panel** shall endeavour at all time to operate:

- In an **efficient, economical and expeditious manner**, taking account of the complexity, importance and urgency of particular CUSC Modification Proposals; and
- With a view to ensuring that the CUSC facilitates **achievement of the Applicable CUSC Objectives**.

Duties of Panel Members & Alternates (8.3.4)

1. Shall act **impartially** and in accordance with the requirements of the **CUSC**; and
2. Shall not have any **conflicts of interest**.

Shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he/she was appointed as Panel Member and any Related Person from time to time.

Approval of Panel Minutes

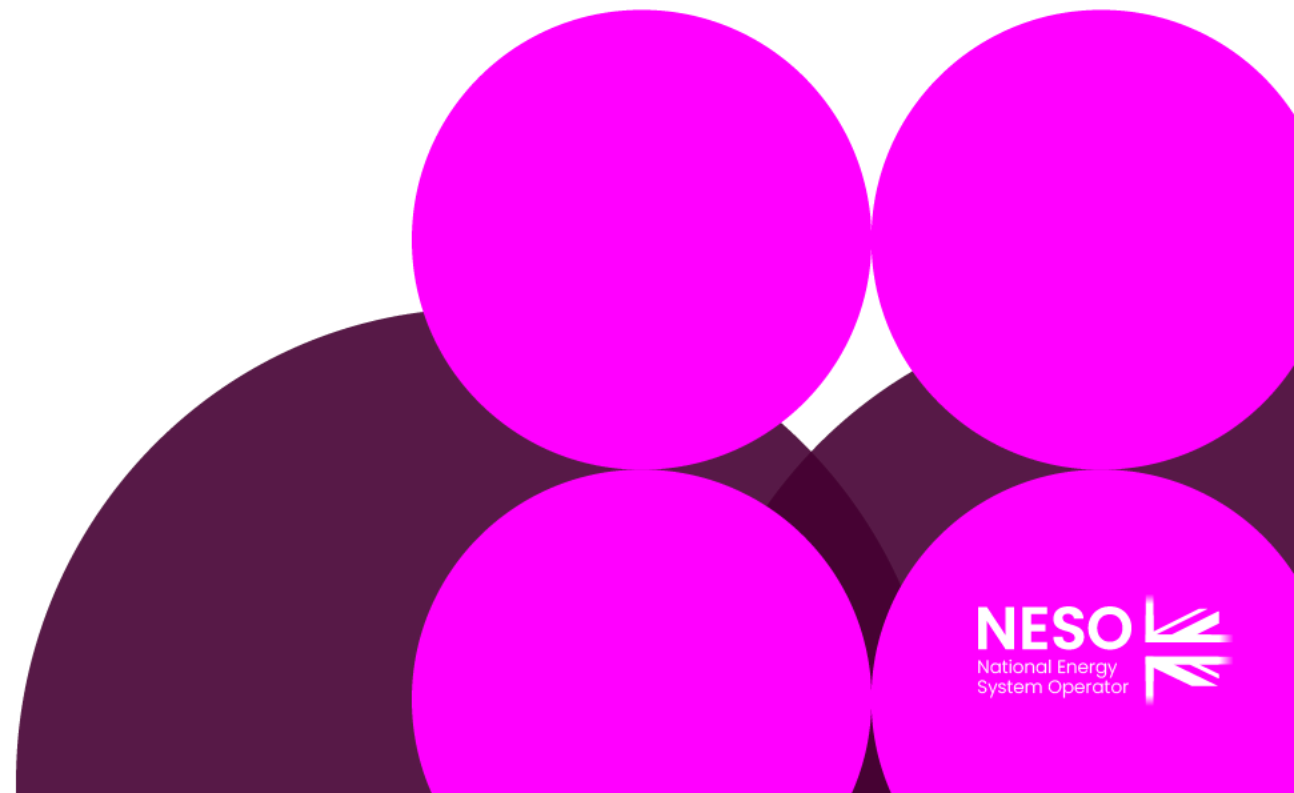
Approval of Panel Minutes from the Meetings held on 02 May
and 15 May

Action Log

One ongoing action remains open:

- Action 182

Chair's Update



Authority Decisions and Update (as at 15 May 2025)

Decisions Pending

Modification	Final Modification Report Received	Expected Decision Date
CMP315 'TNUoS Review of the expansion constant and the elements of the transmission system charged for' and CMP375 'Enduring Expansion Constant & Expansion Factor Review'	07 February 2024	TBC pending update on REMA (previously 07 February 2025)
CMP330&CMP374 'Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length and Extending contestability for Transmission Connections'	10 August 2023	TBC subject to CMP414 send back
CMP397 'Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)'	12 June 2024	30 September 2025 (subject to CMP316 send back)
CMP418 'Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer'	11 March 2025	By the end of July 2025
CMP441 'Reducing the credit risk of supplying non-embedded hydrogen Electrolysers'	23 December 2024	13 June 2025
CMP444 'Introducing a cap and floor to wider generation TNUoS charges'	28 March 2025	01 July 2025
CMP450 'Introducing the definition of Dynamic Reactive Compensation Equipment (DRCE) in the CUSC'	14 May 2025	TBC

The Authority's publication on decisions can be found on their website below:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>

Authority Decisions and Update (as at 15 May 2025)

Received Final Modification Reports since last Panel Meeting

Modification	Final Modification Report Received	Expected Decision Date
CMP432 'Improve "Locational Onshore Security Factor" for TNUoS Wider Tariffs'	15 May 2025	TBC

The Authority’s publication on decisions can be found on their website below:
<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>

New Modification

CMP454: CMP434 and CMP435 Section 11 Changes

Alex Curtis, NESO

CMP454 Critical Friend Feedback

Code Administrator comments	Amendments made by the Proposer
Minor grammatical amendments	All changes accepted by the proposer

Background and Solution

[CMP434 Implementing Connections Reform](#) and [CMP435 Application of Gate 2 Criteria to existing contracted background](#) introduced the concepts of “Gated Offers” and a “Variations Clause” but were not included in Section 11 – Interpretation and Definitions.

Whilst the intent of these references can generally be inferred from the approved text, adding them as explicit definitions provides additional clarity and removes the need for such inference.

Concept	Definition
“Gated Offers”	offers made by The Company in response to a Gated Application ;
“Variations Clause”	the Clause in the Existing Agreements providing that The Company and the User effect any amendment required to be made to those by the Authority as a result of a change in the CUSC , the ESO Licence or Transmission Licence , an order or direction made pursuant to the Act or a Licence or as a result of settling any of the terms thereof;

CMP454 Proposed Timeline

Milestone	Date
Modification presented to Panel	27 June 2025
Code Administrator Consultation (20 Business Days)	03 July 2025 to 5pm on 31 July 2025
Draft Self Governance Modification Report issued to Panel (5 Business Days)	14 August 2025
Panel undertake Draft Self Governance Modification Report determination vote	22 August 2025
Final Self Governance Modification Report issued to Panel to check votes recorded correctly	26 August 2025
Appeals Window (15 Business Days)	03 September 2025 to 24 September 2025
Implementation Date	02 October 2025

CMP454 Asks of the Panel

- **AGREE** that this Modification has a clearly defined defect, scope and solution
- **AGREE** that this Modification meets the Self-Governance Criteria (Panel decision) rather than Standard Governance (Ofgem decision)
- **AGREE** that this Modification should proceed to Code Administrator Consultation
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC

CUSC Self-Governance Criteria

“Self-Governance Criteria”

a **CUSC Modification Proposal** that, if implemented,

(a) is unlikely to have a material effect on:

(i) existing or future electricity consumers; and

(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity; and

(iii) the operation of the **National Electricity Transmission System**; and

(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and

(v) the **CUSC**'s governance procedures or the **CUSC**'s modification procedures, and

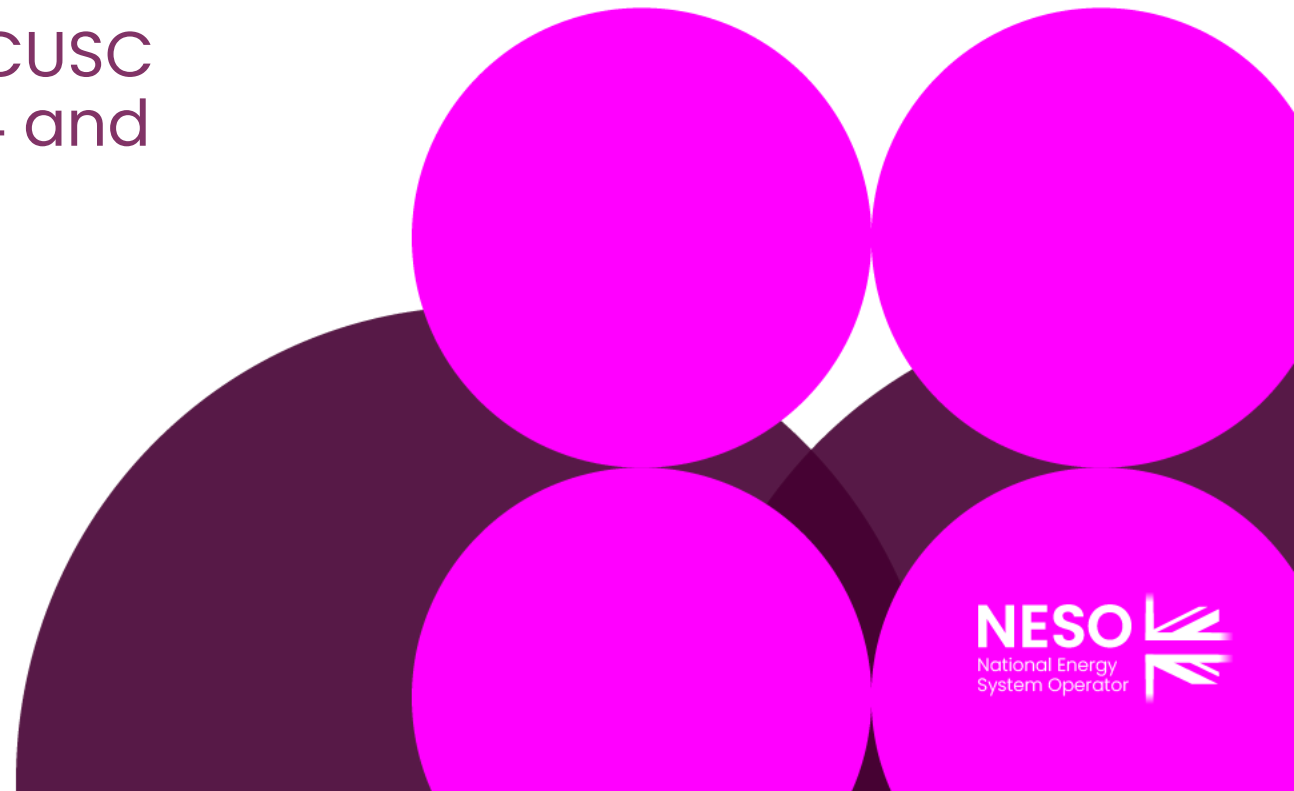
(b) is unlikely to discriminate between different classes of **CUSC Parties**;

c) other than where the modification meets the **Fast Track Criteria** will not constitute an **EBGL Amendment**.

New Modification

CMP455: Minor Amendments to the CUSC following implementation of CMP434 and CMP435

Alex Curtis, NESO



CMP455 Critical Friend Feedback

Code Administrator comments	Amendments made by the Proposer
<ul style="list-style-type: none">Proposed amendment to modification titleMinor typographical amendments	All changes made by the proposer

Background and Solution

During the course of the [CMP434 Implementing Connections Reform](#) and [CMP435 Application of Gate 2 Criteria to existing contracted background](#) implementation the following minor typographical and formatting changes were identified and using the Fast Track Self Governance route in a timely manner post implementation means that the CUSC is as consistent as possible.

CUSC Reference	Why the change is needed
Section 2	<ul style="list-style-type: none"> 2.13.1 – Reference to ‘Other Offshore Projects’ should be corrected to ‘Offshore Projects’ 2.13.3.2 – the ‘and’ in ‘Gated Application and Offer Process’ should be in bold
Section 6	<ul style="list-style-type: none"> All references to ‘Large Embedded Power Station’ should be corrected to ‘Embedded Large Power Station’ All references to ‘Modification Notices’ should be corrected to ‘Modification Notification’ Clause 6.5.5.10 contains a cross reference to clause 6.5.5.4 but this clause is now ‘not used’, so should be corrected to 6.5.5.1
Section 11	<ul style="list-style-type: none"> ‘Exisiting’ in the ‘Project’ definition should be unbolded and uncapitalised Colour change of text to black for definitions for ‘Advancement’, ‘Advancement Request’, ‘CMP434’, ‘CMP434 Implementation Date’, ‘CMP434 Gate 1 Agreement’, ‘CMP434 Gate 2 Agreement’, ‘CMP435’, ‘CMP435 Implementation Date’, ‘Connections Network Design Methodology’, ‘EA Information’, ‘EA Register’, ‘Gate 1 Agreements’, ‘Gate 1 Application’, ‘Gate 1 ATV’, ‘Gate 1 Conditional Clause’, ‘Gate 1 Existing Agreements’, ‘Gate 1 Offer’, ‘Gate 1 Notification’, ‘Gate 2 Agreements’, ‘Gate 2 Application’, ‘Gate 2 Criteria’, ‘Gate 2 Criteria Methodology’, ‘Gate 2 Existing Agreements’, ‘Gate 2 Offer’, ‘Gate 2 Modification Offer’, ‘Gated Agreements’, ‘Gated Applicant’, ‘Gated Application’, ‘Gated Application and Offer Process’, ‘Gated Application Window’, ‘Gated Application Window and Offer Run’, ‘Gated Design Process’, ‘Gated Modification’, ‘Gated Modification Application’, ‘Gated Modification Guidance’, ‘Gated Modification Offer’, ‘Gated Process for Projects with Existing Agreements’, ‘Gated Timetable’, ‘Project’ A space is required between the definitions of ‘Gated Application and Offer Process’ and ‘Gated Application Window’ The font size for definitions of ‘CMP434’, and ‘CMP434 Implementation Date’ should be corrected The ‘Gate 2 Criteria Methodology’ definition should be corrected by removing; (referred to in the ESO Licence as the ‘Connections Criteria Methodology’) The ‘Gate 1 Conditional Clause’ definition should be corrected by removing (b) ‘Connections Network Design Methodology’ should be moved to the correct alphabetical order ‘Installed Capacity’ definition should be corrected by changing “Transmission Energy Capacity” to “Transmission Entry Capacity”

Solution Continued

CUSC Reference	Why the change is needed
Section 18	<ul style="list-style-type: none"> • Clause numbers should be unbolded throughout the document • The reference to 18.7.2.3 within 18.16.2.1 should be corrected to 18.16.2.3. • 'Security Arrangement' should be unbolded and uncapitalised • 'Gated Application and Offer Process Run' should be corrected to 'Gated Application Window and Offer Run'
Exhibit U	<ul style="list-style-type: none"> • All references to 'Modification Offer' should be corrected to 'Gated Modification Offer'
Schedule 2 Exhibit 3	<p>Part One</p> <ul style="list-style-type: none"> • Recitals Clause (G) should be corrected by including an open square bracket • 'Gate 2 Date' definition should be corrected by including an open square bracket and removing a hyphen • 'Reservation Expiry Date' definition should be corrected by including • Colour change of text to black for 7.5 <p>Part Two</p> <ul style="list-style-type: none"> • Recitals Clause (G) should be corrected by removing an open square bracket • Recitals Clause G should be corrected by including a full stop at the end of the sentence. • Colour change of text to black for 7.2 • Clause 7.2 should be corrected by including an open square bracket • Clause 7.2 numbering should be corrected from 7.5.1 – 7.5.3 to 7.2.1 – 7.2.3
Schedule 2 Exhibit 3A	<ul style="list-style-type: none"> • Colour change of text to black for 7.4 • Clause 7.4 should be corrected by unbolding the bold square brackets

CMP455 Proposed Timeline

Milestone	Date
Panel decision <i>Unanimous Panel agreement is needed for this to be implemented; otherwise Panel will agree a different governance route</i>	27 June 2025
Appeals Window (15 Business Days)	30 June 2025 to 5pm on 21 July 2025
Implementation Date	22 July 2025

CMP455 Asks of Panel

- **AGREE** that this Modification has a clearly defined defect, scope and solution
- **AGREE** that this Modification should follow Fast Track Self-Governance Criteria (Panel decision, which must be unanimous)
- **NOTE** the proposed timeline and that this Modification will be implemented upon conclusion of the Appeals window (if no objections are received from industry)

CUSC Fast Track Criteria

“Fast Track Criteria”

a **CUSC Modification Proposal** that, if implemented,

(a) would meet the **Self-Governance Criteria**; and

(b) is properly a housekeeping modification required as a result of some error or factual change, including but not limited to:

(i) updating names or addresses listed in the **CUSC**;

(ii) correcting any minor typographical errors;

(iii) correcting formatting and consistency errors, such as paragraph numbering; or

(iv) updating out of date references to other documents or paragraphs .

CUSC Self-Governance Criteria

“Self-Governance Criteria”

a **CUSC Modification Proposal** that, if implemented,

(a) is unlikely to have a material effect on:

(i) existing or future electricity consumers; and

(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity; and

(iii) the operation of the **National Electricity Transmission System**; and

(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and

(v) the **CUSC**'s governance procedures or the **CUSC**'s modification procedures, and

(b) is unlikely to discriminate between different classes of **CUSC Parties**;

c) other than where the modification meets the **Fast Track Criteria** will not constitute an **EBGL Amendment**.

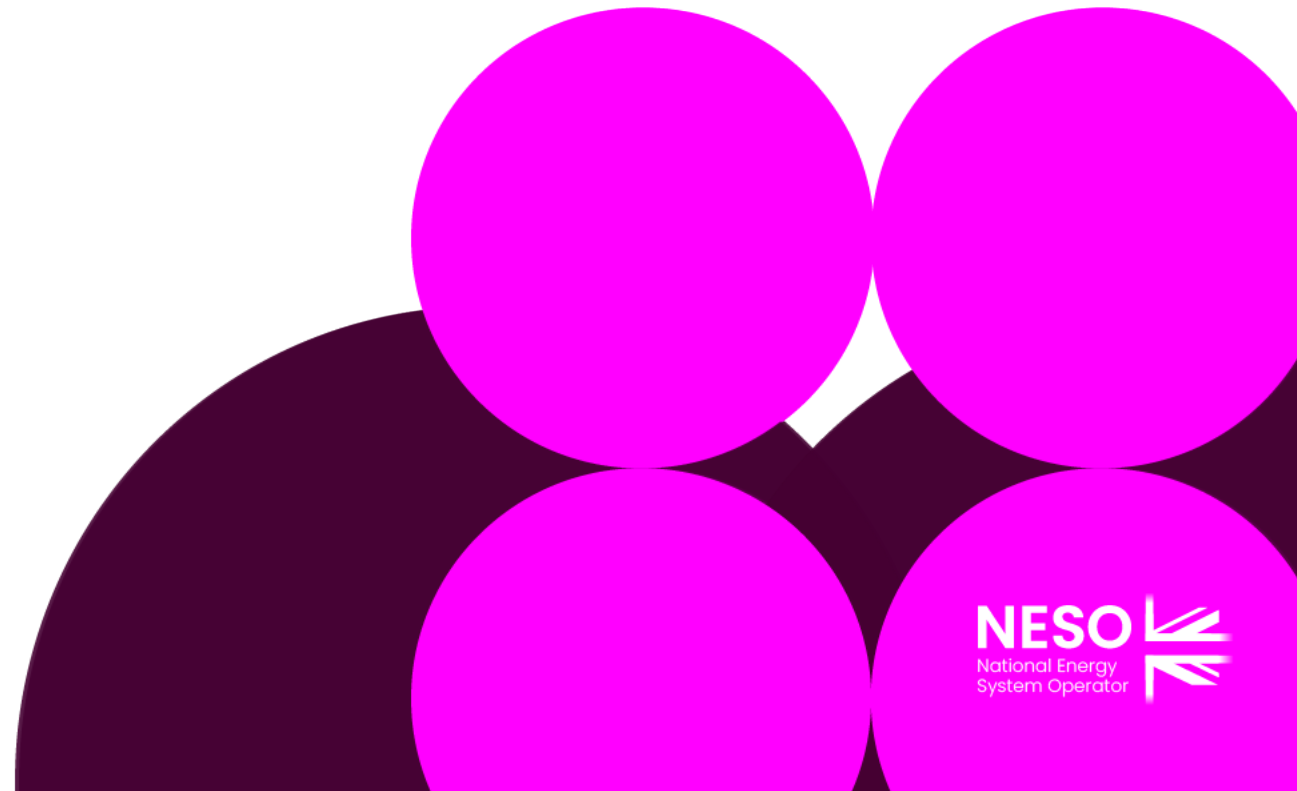
Inflight Modification Updates

- **CMP316**: TNUoS Arrangements for Co-located Generation Sites
- **CMP417**: Extending principles of CUSC Section 15 to all Users
- **CMP440**: Re-introduction of Demand TNUoS locational signals by removal of the zero price floor

Send Back Update

CMP316: TNUoS Arrangements for
Co-located Generation Sites

Catia Gomes



Key points to note

- Following the Authority send-back, the Workgroup focused mainly on simplifying the legal text for the modification to aid in stakeholder understanding.
- While reviewing the legal text, an omission was identified in the previous legal text, meaning that the solution and legal text did not match for WACM1. Therefore, the scaling of ALFs was incorporated into the latest version of legal text.

Solution and Workgroup Vote

Summary of solutions:

- Original: Addition of a new formula to the TNUoS charging methodology to calculate wider locational charges for 'co-located' or Multi-Technology Power Station.
- WACM1: Same intention as the Original but there are differences in the calculation of tariff components for each technology type and use of scaled TEC (rather than site TEC) to calculate ALFs.

Summary of Workgroup Vote:

- The Workgroup concluded by majority (4 out of 5) that the Original better facilitated the Applicable Objectives than the Baseline, and unanimously that WACM1 better facilitated the Applicable Objectives than the Baseline.

Terms of Reference

The Workgroup conclude that they have met their Terms of Reference, and the references can be located below:

Workgroup Term of Reference	Location in Code Administrator Consultation
a) Ensure the Original solution legal text addresses the modification defect, the issues identified in the send-back letter, and is legal and operable.	Pages 19-25
b) Ensure WACMI legal text addresses the modification defect, the issues identified in the send-back letter, and is legal and operable.	Pages 19-25
c) Investigate whether any simplifications can be made to the legal text so it can be more easily understood by stakeholders.	Pages 19-25

CMP316 Asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the ongoing timeline

CMP316 Next Steps

Milestone	Date
Code Administrator Consultation	30 June 2025 to 5pm on 28 July 2025
Draft Final Modification Report issued to Panel	04 August 2025
Draft Final Modification Report presented to Panel	07 August 2025
Final Modification Report issued to Panel to check votes recorded correctly	07 August 2025
Submission of Final Modification Report to Ofgem	07 August 2025
Ofgem decision date	Required by 30 September 2025
Implementation Date	01 April 2026

CMP417: Extending principles of CUSC Section 15 to all Users

Request to change Terms of Reference

The Workgroup would like to reflect the following within their Terms of Reference:

Workgroup Terms of Reference
a) Consider EBR implications
b) Consider the transitional arrangements
c) Consider interactions with other codes or code modifications
d) Consider interactions with NESO connections reform recommendations
e) Consider financial consequences to Users
f) Consider cash flow implications on the NESO
g) Consider the interaction between Demand and Generation securities

CMP417 – the asks of Panel

- AGREE** the amended points within Terms of Reference

CMP440: Re-introduction of Demand TNUoS locational signals by removal of the zero price floor Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem	Decision Date	Implementation Date
Previous timeline	16 June 2025	14 August 2025	28 August 2025	30 September 2025	01 April 2026
New timeline	21 November 2025	22 January 2026	10 February 2026	30 September 2026	01 April 2027

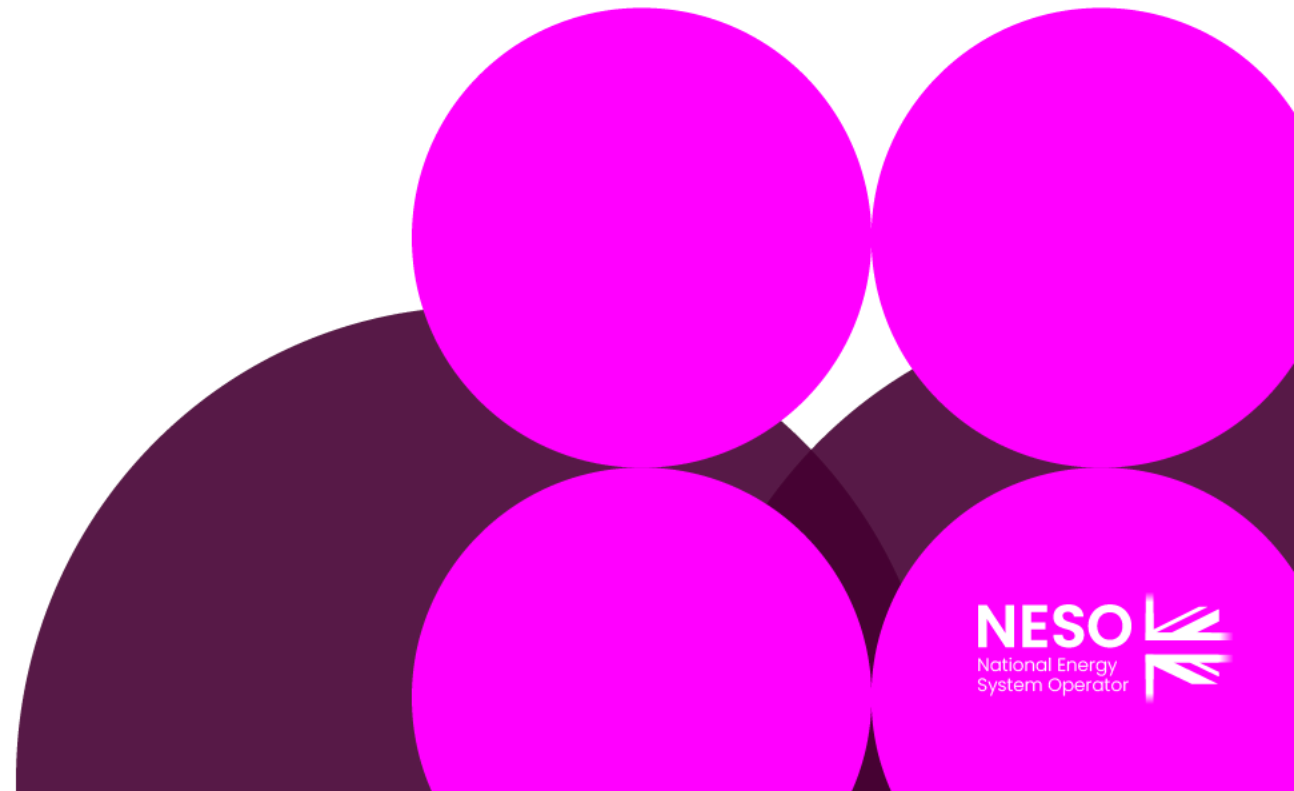
Rationale: The delay is attributed to the ongoing process of gathering information and developing the solution.

Workgroups Remaining: 6

Ask of Panel: Agree revised timeline

Panel Modification Tracker

Catia Gomes, Code Administrator



Draft Final Modification Report

CMP344: Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology

Catia Gomes, Code Administrator

Solution

Solution:

- Scope limited to IAEs approved by the Authority;
- For any IAEs approved in a particular year, the OFTO revenue will be adjusted and recovered from all demand Users (via the Transmission Demand Residual³ (TDR) in the following year) rather than the Generator directly affected subsequently being required to repay the cost of the IAE through local TNUoS tariffs.

Code Administrator Consultation Responses

Summary of the Third Code Administrator Consultation Responses:

The third Code Administrator Consultation was run from 09/05/2025 to 02/06/2025 and received 2 non-confidential responses. Key points were:

- One respondent felt CMP344 better supports objectives d), e), and h) by simplifying cost recovery and improving fairness for offshore generators. The other questioned whether the CUSC process is the right place for such a major policy shift, suggesting it should be handled under the CfD regime.
- One respondent preferred the baseline solution, while another supported the original proposal. Similarly, views on the implementation approach were divided, with one in agreement and the other not.
- One Respondent expressed concerns about a proposed shift in transmission network charging policy related to revenue adjustments from IAEs, suggesting that such issues should be addressed within the CfD regime rather than through the CUSC modification process, while also urging Ofgem to make timely decisions before AR7 to reflect appropriate risk premiums in CfD.

CMP344 Asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

CMP344 Next Steps

Milestone	Date
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	01 July 2025 to 08 July 2025
Submission of Final Modification Report to Ofgem	09 July 2025
Ofgem decision date	TBC
Implementation Date	10 Business Days after Authority Decision

Discussions on Prioritisation

- Monthly Review of the prioritisation stack
- AGREE where new Modifications that need Workgroups are placed in the prioritisation stack

Standing Groups

Updates on all standing groups relevant to CUSC Panel e.g. potential for future governance changes or modifications

TCMF – NESO Panel Member

- Previous meeting – 05 June 2025 [Meeting materials and Headline Report](#)
- Next meeting – 03 July 2025

European Updates

Updates on all European developments relevant to CUSC panel e.g. potential for future governance changes or modifications

- European Code Development – Nadir Hafeez
- Joint European Stakeholder Group – Garth Graham
 - Previous meeting – 10 June 2025 [Meeting materials and Headline Report](#)
 - Next meeting – 08 July 2025

Updates on other industry codes

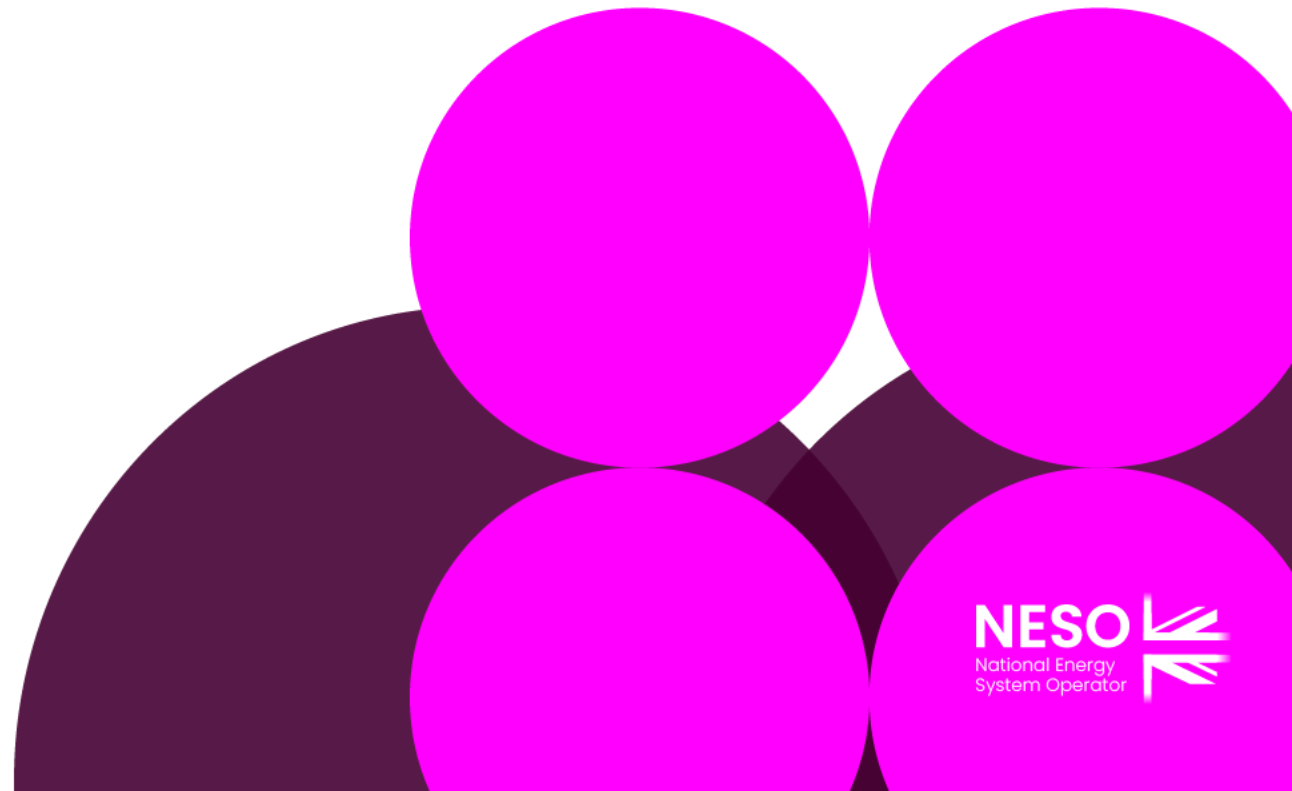
21 May 2025 STC [Panel Papers and Headline Report](#)

22 May 2025 Grid Code Review [Panel Papers and Headline Report](#)

Code Administrator Update

CUSC Panel Elections 2025

CUSC Panel dates for 2026



Proposed 2026 CUSC Panel Dates

Panel Date	Papers Day	Modification Deadline	Bank Holidays
30 January	22 January	15 January	01 January
27 February	19 February	12 February	
27 March	19 March	12 March	
24 April	16 April	09 April	03 April and 06 April
22 May	14 May	07 May	04 May and 25 May
26 June	18 June	11 June	
31 July	23 July	16 July	
28 August	20 August	13 August	31 August
25 September	17 September	10 September	
30 October	22 October	15 October	
27 November	19 November	12 November	
11 December	03 December	26 November	25 December and 28 December

Any other business

- Recruitment Update for Independent Chairperson

Activities ahead of the next Panel Meeting

Special Panel Papers Day	30 June 2025
Transmission Charging Methodologies Forum	03 July 2025
Special Panel Meeting	04 July 2025 Microsoft Teams

Close

Jon Wisdom
Acting Independent Chair
CUSC Panel