

Public

Transmission Charging Methodologies Forum and CUSC Issues Steering Group

7 August 2025

Agenda

1	Introduction, meeting objectives and review of previous actions – Alastair Owen, NESO	10:00 – 10:10
2	CMP457: Revision of the Obligatory Reactive Power Service – Jeremy Taylor, NESO	10:10 – 10:30
3	Code Administrator update – Catia Gomes – Code Administrator NESO	10:30 – 10:40
4	Ofgem REMA/TNUoS update – Harriet Harmon, Ofgem	10:40 – 11:10
5	AOB and Meeting Close – Alastair Owen, NESO	11:10 – 11:30

TCMF Objective and Expectations

Objective

Develop ideas, understand impacts to industry and modification content discussion, related to the Charging and Connection matters.

Anyone can bring an agenda item (not just the NESO!).

Expectations

Explain acronyms and context of the update or change.

Be respectful of each other's opinions and polite when providing feedback and asking questions

Contribute to the discussion

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

Keep to agreed scope

Review of previous action

ID	Month	Description	Owner	Notes	Target Date	Status
24-12	July	Post implementation analysis of CMP376: Inclusion of Queue Management process within the CUSC.	DA	NESO will reopen this action in April 2025, as that will be 12 months after CMP376 was included in contract terms.	From April 2025	On Hold
24-14	October	Data post CMP376 implementation on the TEC register around projects moving forward, backward or staying the same.	DA		May 2025	Ongoing
24-15	May	Consider how to report meaningful connections data following the recent 'Pause' in connections reform activity.	JS	Whilst there is a pause in the new connection data being shared at TCMF, JS to consider how data can be made more accessible to Industry	Sept 2025	Ongoing

New Modification

CMP457: Revision of the Obligatory Reactive Power Service

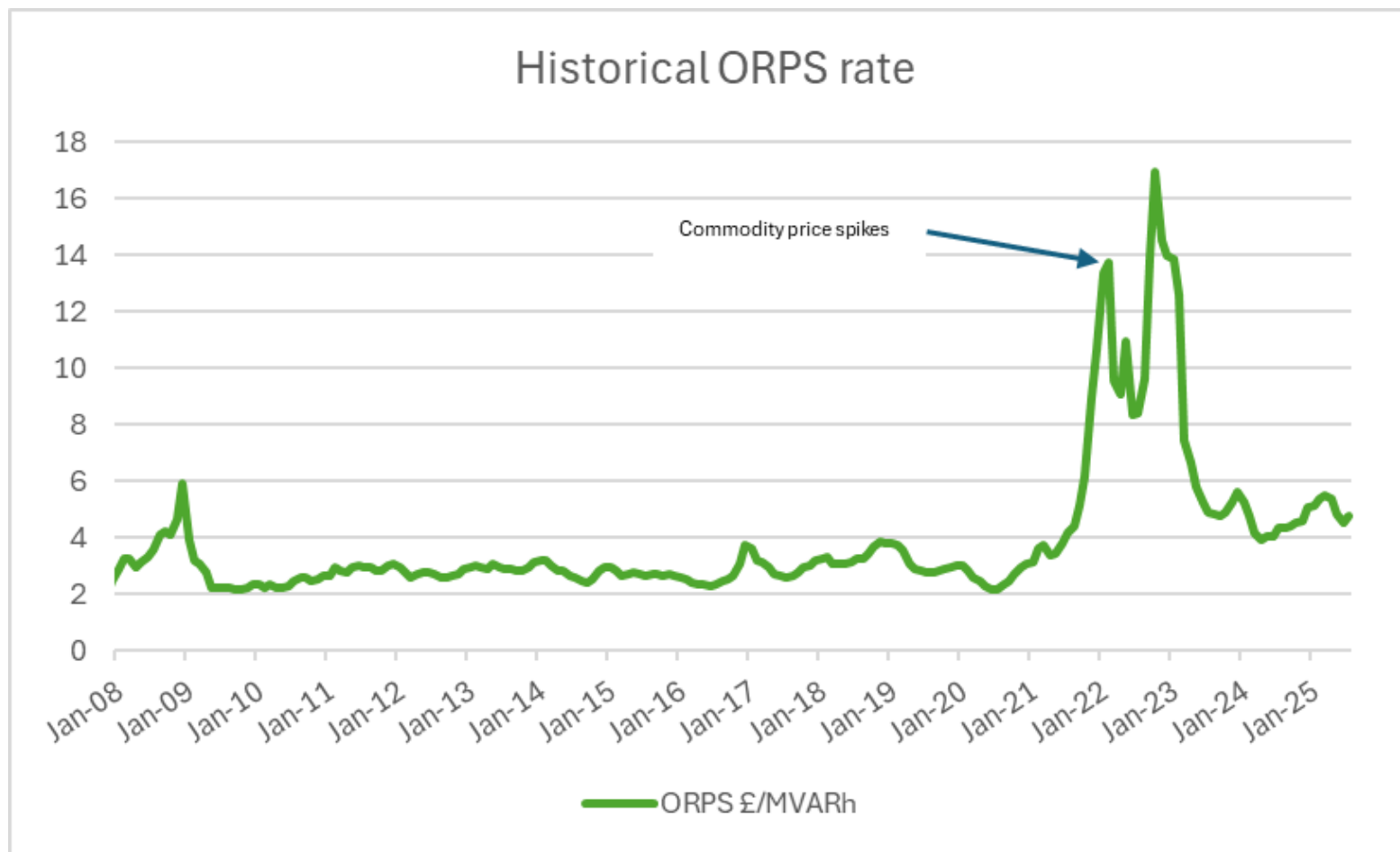
Jeremy Taylor – NESO



What is the issue?

- Generators connected to the transmission network have signed up to the Grid Code and have an obligation to support the System Operator with a mandated element of reactive power when operating on the transmission network.
- The Generators (service providers) providing Obligatory Reactive Power Services (ORPS) are paid based on utilisation. The rate is a historical one tracing its origins to the 1990's using a number of parameters assuming a network predominantly supported by fossil fuelled generation.
- The changing generation environment is resulting in a trend to a less predictable network requiring correction as well as a greater number of different technologies providing ORPS, a trend which is predicted to continue.
- At the same time as the variability is increasing, the cost of ORPS provision passed to the consumer, has risen significantly. The single rate of ORPS payments with its bias towards gas pricing is recognised as no longer reflective for service providers, proportional or meeting the needs of NESO.
- NESO has commissioned an in-depth review under the innovation programme to assess options for ORPS payments and develop a revised approach that addresses the current shortcomings, that is fair and transparent to all Service providers as well as the consumer.

The graph below illustrates how the commodity price spikes impacted the ORPS rate



The Approach

The project has gone out to tender and procured support from external consultants with an international presence. The initial analysis involved engagement with industry as well as both desk-based research and interviews with system operators in other countries to identify a number of alternative approaches to the remuneration of reactive power services.

Methodologies were then assessed for suitability against a set of agreed principles to ensure they were:

- Cost reflective for the provider
- Economic for the consumer
- Fair and transparent
- Robust and able to support the network development, able to support new technologies

The intention of the Obligatory Reactive Project is to review the approach to reactive power remuneration and ensure that it fit for purpose to support the CP2030 goals, not just to update the BAU model (unless that was found to be the best approach).

What is the Proposer's solution

The ORPS project team from NESO, working with the selected external team (DNV), has identified a number of potential solutions that have been categorised.

These included for instance single rate options and multiple rate options, that in turn could be grouped in different ways, based on technology and variable costs.

It also needed to be considered that reactive power is a localised requirement.

The strongest potential approaches are currently being modelled by DNV to inform the project of comparative outcomes prior to making a final decision on the preferred option. The current approach is included a baseline comparator.

To ensure that industry is able to input to the final selection, the project comms plan involves industry engagement including a webinar.

The intention is that the output of the project would form the basis for discussion by the workgroup to gather input to the final methodology incorporated into legal text for this modification.

Code Administrator Update

Catia Gomes - Code Administrator NESO

Key Updates since last TCMF

New Modifications / Nominations

- **CMP454** 'CMP434 / CMP435 Section 11 Changes'
- **CMP455** 'Minor Amendments to the CUSC following implementation of CMP434/CMP435'
- **CMP456** 'Cost recovery for legacy plant in relation to GC0168'
- **CMP457** 'Revision of the Obligatory Reactive Power Service (ORPS)'

Decisions

- **CMP441** 'Reducing the credit risk of supplying non-embedded hydrogen Electrolysers' – On 28 July the Authority sent back CMP441 for further consideration.
- **CMP447** 'Removal of designated strategic works from cancellation charges/ securitisation' – on 12 June the Authority granted urgency.

Key Updates since last TCMF

Implementations

- **CMP434** 'Implementing Connections Reform' implemented on **10 June**.
- **CMP435** 'Application of Gate 2 Criteria to existing contracted background' implemented on **10 June**.

Authority Expected Decision Date

Modification	FMR submitted	Expected Decision Date
Review' 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 (previously 24 January 2025)
CMP418 'Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer'	11 March 2025	By the end of July 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
CMP448 'Introducing a Progression Commitment Fee to the Gate 2 Connections Queue'	14 July 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>

Key Consultations in August

Workgroup Consultations

- **CMP445** 'Pro-rating first year TNUoS for Generators' opened 25 July and **closes 22 August**
- **CMP447** 'Removal of designated strategic works from cancellation charges/securitisation' opened 21 July and **closed 04 August**

Code Administrator Consultations

None

Appeals Window

None

CUSC Panel Elections 2025

CUSC Panel Elections Material

Useful Links

Ofgem's expected decision dates/ date they intend to publish an impact assessment or consultation, for code modifications that are with them for decision are available [here](#)

Updates on all Modifications are available on the Modification Tracker [here](#)

The latest CUSC Panel Headline Report and prioritisation stack are available [here](#)

If you would like to receive updates from the Code Administrator on CUSC modifications, please join the distribution list [here](#)

CUSC 2025 - Panel dates

	Panel Dates	Papers Day	Modification Submission Date	(TCMF) CUSC Development Forum
December	13	5	28 November	21 November (cancelled)
January	31	23	16	9
February	28	20	13	6
March	28	20	13	6
May (April's Panel)	02	24 April	15 April	10 April (cancelled)
May	23	15	8	8
June	27	19	12	5
July	25	17	10	3 (cancelled)
August	22	14	7	7
September	26	18	11	4
October	31	23	16	2
November	28	20	13	6
December	12	4	16	20 November

Ofgem – REMA/TNUoS update

Harriet Harmon - Ofgem

Your CUSC Panel representatives

- Industry is represented at CUSC Panel by representatives, who would love your input. Their contact details can be found [here](#).
- Panel members represent their industry segments at Panel; the more input they have, the more your voice can be heard.

NESO Senior Manager	Acting Independent Panel Chair		Joseph Dunn	Panel Member		Camille Gilsenan	NESO Representative
Catia Gomes	Panel Secretary and Code Administrator Representative		Kyran Hanks	Panel Member		Daniel Arrowsmith	NESO Representative
Ren Walker	Panel Technical Secretary		Paul Jones	Panel Member		Andy Pace	Consumer Panel Representative
Andrew Enzor	Panel Member		Cem Suleyman	Alternate Panel Member		Rashmi Radhakrishnan	BSC Representative
Binoy Dharsi	Panel Member		Mark Duffield	Alternate Panel Member		Nadir Hafeez	Ofgem Representative
Garth Graham	Panel Member		Lauren Jauss	Alternate Panel Member		Harriet Harmon	Ofgem Representative
Joe Colebrook	Panel Member						

AOB

Meeting Close