

Public

CUSC Panel

Wednesday 03 September 2025

In-person meeting, Faraday House

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:

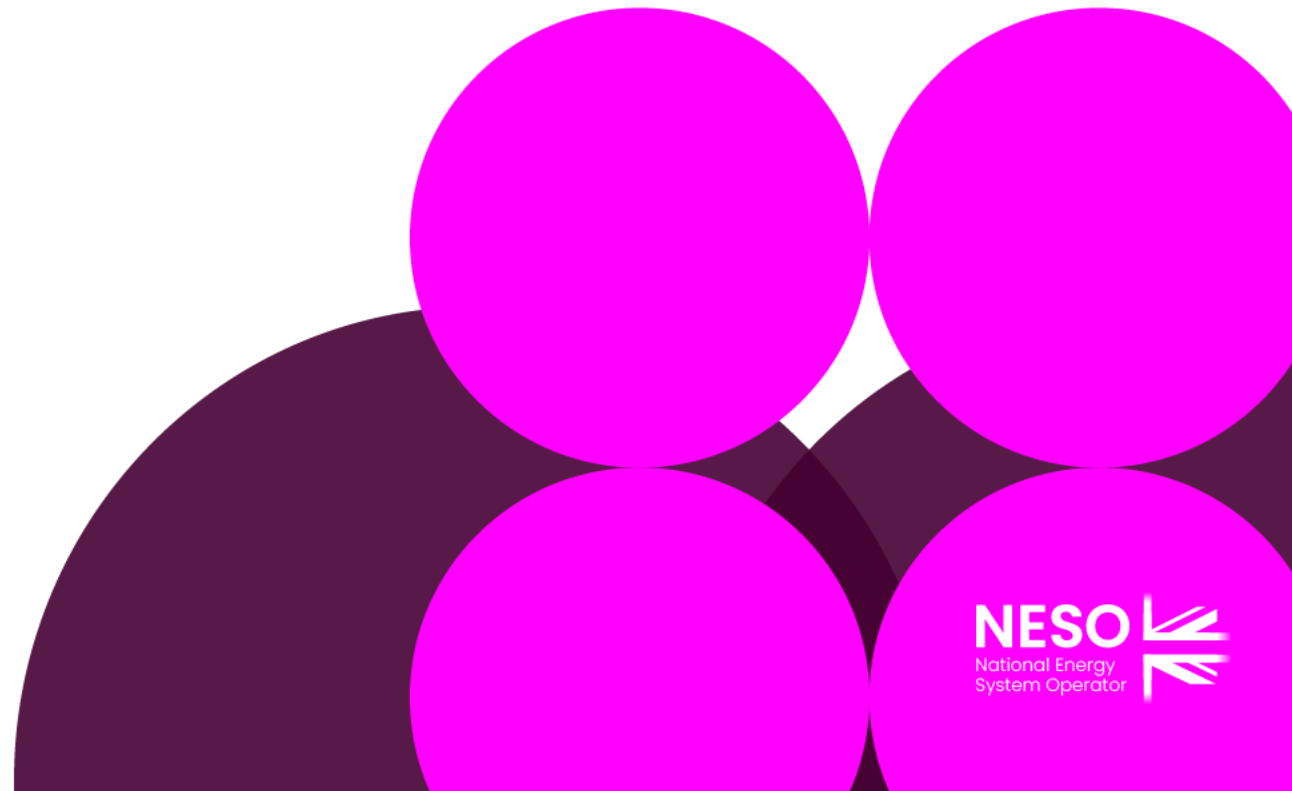
- In an **efficient, economical and expeditious manner**, taking account of the complexity, importance and urgency of particular CUSC Modification Proposals; and
- With a view to ensuring that the CUSC facilitates **achievement of the Applicable CUSC Objectives**.

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.

Update on Previous Panel Minutes

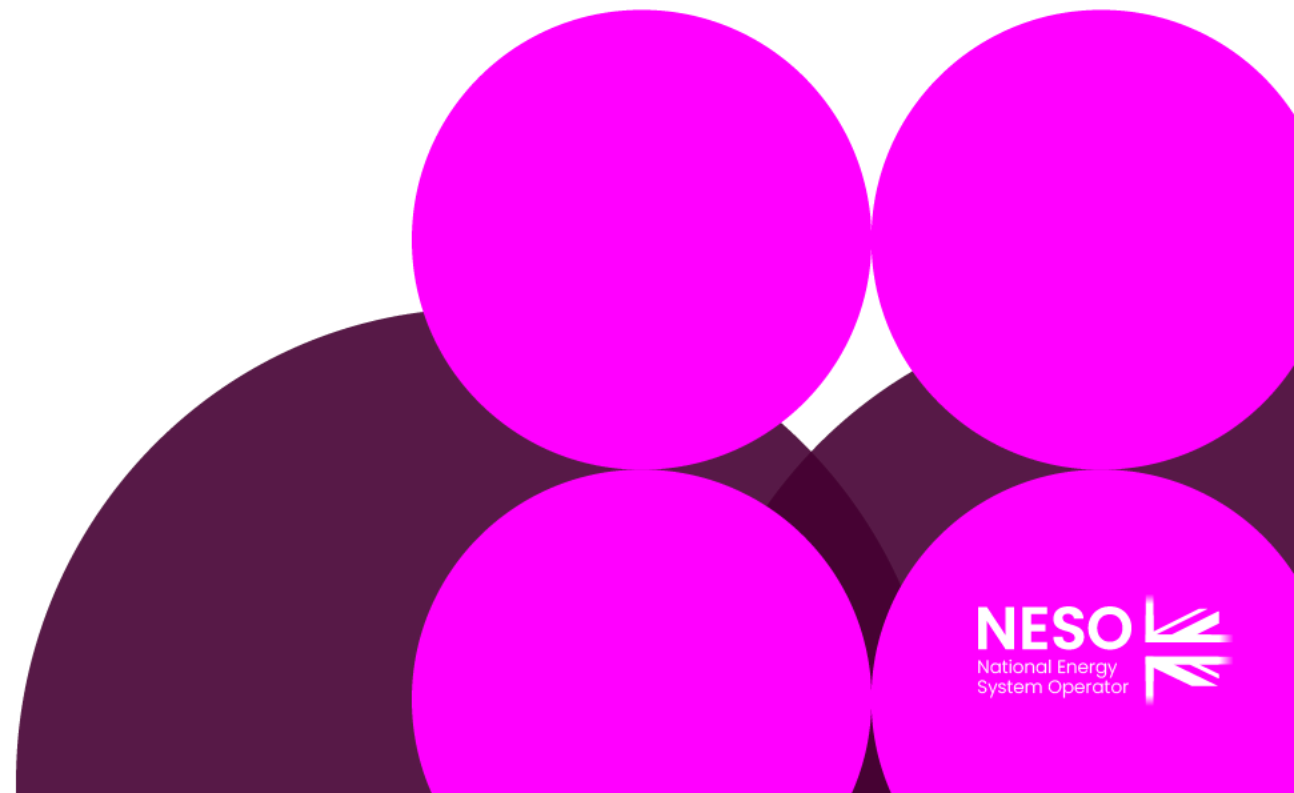


Action Log

Review of Action Log:

- Action 182
- Action 184

Chair's Update



Authority Decisions and Update (as at 26 August 2025)

Decisions Received since last Panel Meeting

| Modification | Decisions | Implementation Date |
|--|---|---------------------|
| CMP418 'Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer' | On 04 August the Authority rejected the modification. | N/A |
| CMP441 'Reducing the credit risk of supplying non-embedded hydrogen Electrolysers' | On 28 July the Authority sent back the modification. | N/A |
| CMP450 'Introducing the definition of Dynamic Reactive Compensation Equipment (DRCE) in the CUSC' | On 04 August the Authority rejected the modification. | N/A |

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) |
| CMP316 'TNUoS Charging Methodology for Co-located Generation' | 08 August 2025 | TBC |
| 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 |
| Continued... | | |

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 26 August 2025)

Decisions Pending

| Modification | Final Modification Report Received | Expected Decision Date |
|--|------------------------------------|---|
| <u>CMP397</u> '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) |
| <u>CMP432</u> 'Improve "Locational Onshore Security Factor" for TNUoS Wider Tariffs' | 15 May 2025 | TBC |
| <u>CMP444</u> 'Introducing a cap and floor to wider generation TNUoS charges' | 28 March 2025 | TBC (Authority are currently consulting. Closing date 11 August 2025) |
| <u>CMP448</u> 'Introducing a Progression Commitment Fee to the Gate 2 Connections Queue ' | 04 July 2025 | TBC |

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New Modification

CMP457: Revision of the Obligatory Reactive Power Service (ORPS)

Jeremy Taylor – NESO

Obligatory Reactive Power Service (ORPS) Review

- Full context and background were covered at July's CUSC panel. Please refer to July's Panel slides for further reading.
- A quick recap:
 - To assist with voltage support, NESO access mandatory reactive power from Grid Code signatories as a system ancillary service.
 - For providing this mandatory service, providers are remunerated through the default payment mechanism, as outlined in the CUSC schedule 3, part 1, appendix 1
 - The current mechanism traces its origins to the 1990's and was designed for a network comprised of fossil fuelled generation, with a focus on Gas.
 - The current model was considered necessary to review, due to it not reflecting the changes in the landscape and representing poor value for the consumer as prices don't reflect the actual cost of provision.
 - NESO commissioned an in-depth review under the innovation programme to assess options for ORPS payments and develop a revised approach that is:
 - Cost reflective for the provider; Economic for the consumer; Fair and transparent; Robust and able to support network development & new technologies
 - The strongest options have been modelled and a preferred option agreed internally and with the project consultant.
 - The next industry webinar is planned for 25 September to introduce the proposed recommendation and discuss any feedback
 - The project output will form the basis of the workgroup discussions, leading to the development of the final methodology to be incorporated into legal text.

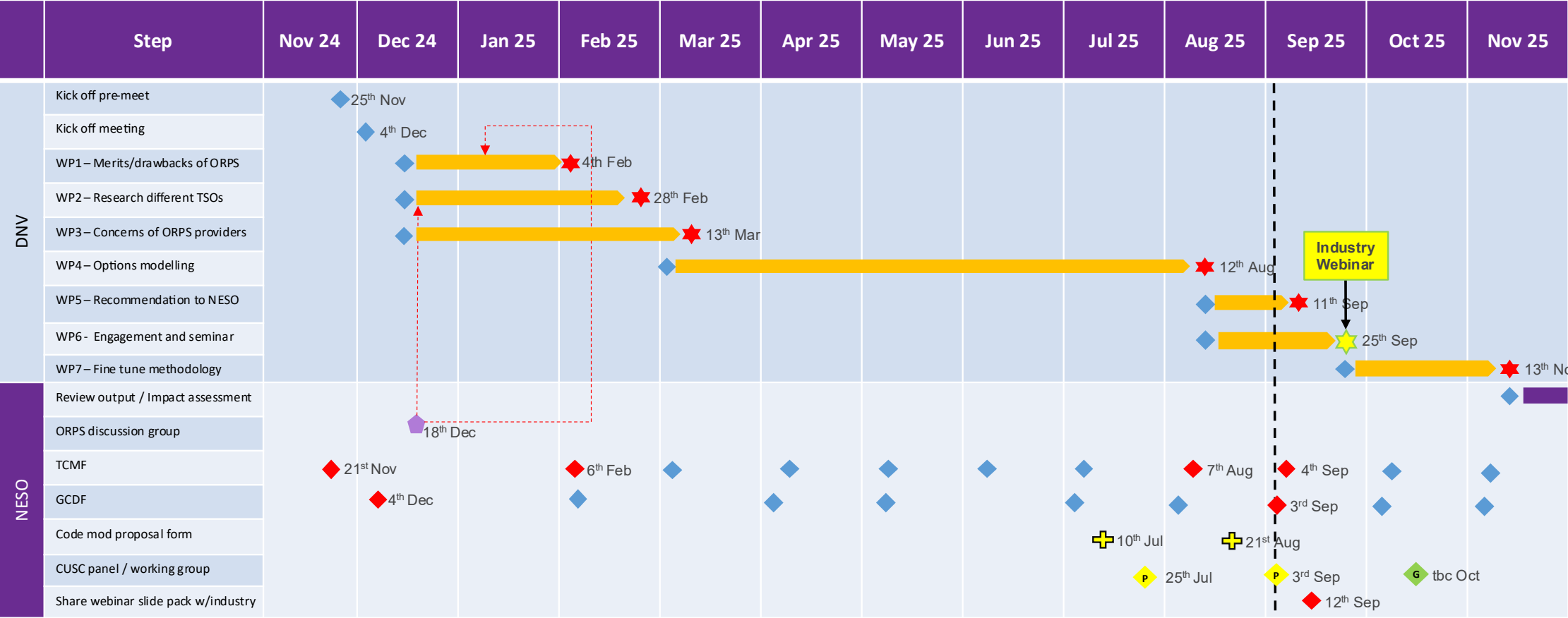
Project scope clarification

- The scope of the project is only to review the ORPS formula, as outlined in the CUSC Schedule 3, Part 1, Appendix 1
 - N.B the project considered including components for providers that may not meet their obligations, but these were seen to be extending the scope.

$$BP_U = \frac{46,270,000 * I * X * Y}{42,054,693} \quad [£/Mvarh]$$

- The formula is used to calculate the rate to pay ORPS service, which is the obligatory service that parties need to provide to meet Grid Code compliance, and it's purposed to compensate the cost incurred to generate reactive power.
- While ORPS is the obligatory reactive power service, the Enhanced Reactive Power Service (ERPS), as outlined in the CUSC Schedule 3, Part 1, Appendix 2, and which is a commercial market, is outside the project's scope.

Project timeline and milestones



CMP457 Proposed Timeline (Amended with additional Workgroups pre consultation)

| Milestone | Date | Milestone | Date |
|---|---|---|-------------------------------|
| Modification presented to Panel | 03 September 2025 | Code Administrator Consultation | 01 June 2026 – 22 June 2026 |
| Workgroup Nominations (15 Business Days) | 04 September 2025 to 25 September 2025 | Draft Final Modification Report (DFMR) issued to Panel (5 Business Days) | 17 July 2026 |
| Workgroup 1 – Introduction Workgroup 2 – Action updates and Workgroup discussion Workgroup 3 – Action updates and draft legal text review Workgroup 4 – Finalise Workgroup consultation | 06 October 2025 23 October 2025 20 November 2025 18 December 2025 07 January 2026 04 February 2026 | Panel undertake DFMR recommendation vote | 24 July 2026 |
| Workgroup Consultation (15 Business Days) | 11 February – 04 March 2026 | Final Modification Report issued to Panel to check votes recorded correctly | 31 July 2026 |
| Workgroup 5 – Workgroup consultation discussion Workgroup 6 – Finalise solution, legal text and workgroup report Workgroup 7 – Finalise solution, legal text and workgroup report Workgroup 8 – Finalise solution, legal text and workgroup report | 18 March 2026 13 April 2026 28 April 2026 06 May 2026 | Final Modification Report issued to Ofgem | 10 August 2026 |
| Workgroup report issued to Panel (5 Business Days) 5 clear Business Days minimum | 14 May 2026 | Ofgem decision | Required by 30 September 2026 |
| Panel sign off that Workgroup Report has met its Terms of Reference | 22 May 2026 | Implementation Date | 01 April 2027 |

CMP457 Asks of Panel

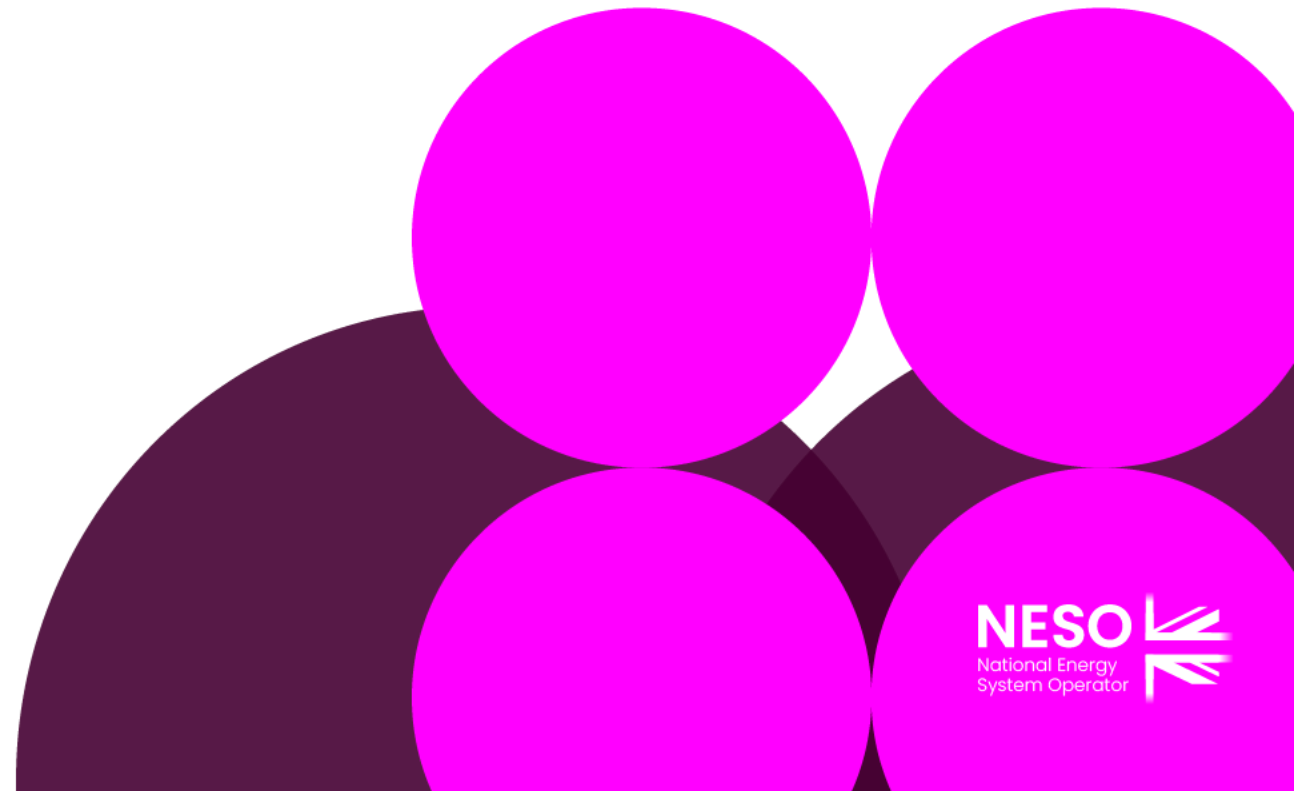
- **AGREE** that this Modification has a clearly defined defect and scope
- **AGREE** that this Modification should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision)
- **AGREE** that this Modification should proceed to Workgroup
- **AGREE** Workgroup Terms of Reference
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the new proposed timeline

Inflight Modification Updates

- **CMP458**: Prorating of transmission residual demand charges

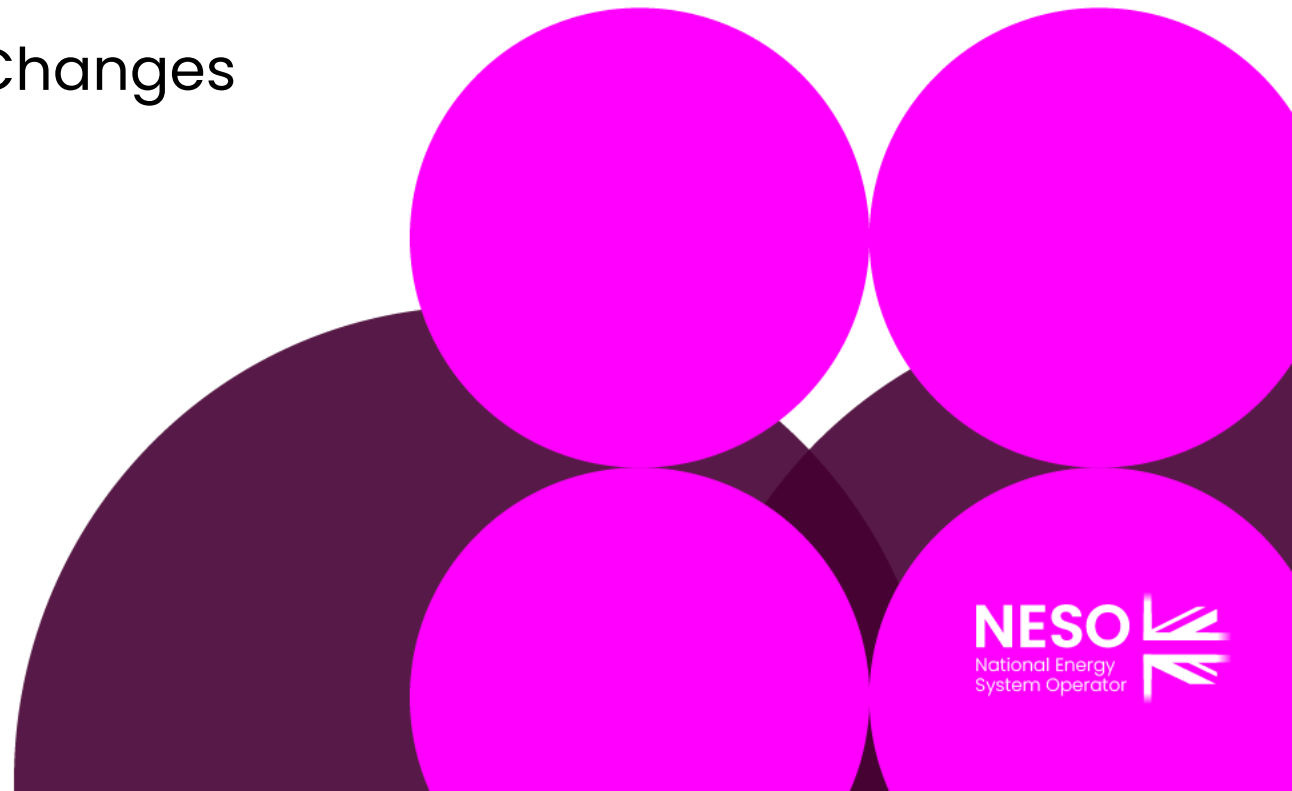
Panel Modification Tracker

Catia Gomes, Code Administrator



Draft Final Modification Report

CMP454: CMP434 / CMP435 Section 11 Changes
Catia Gomes (Panel Secretary)



Solution

Solution summary:

- Insert definitions of “Gated Offers” and “Variations Clause” into Section 11 of the CUSC at the earliest opportunity to align with the implementation on CMP434 and CMP435.

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses:

Code Administrator Consultation was run from 03/07/2025 to 31/07/2025 and received 2 non-confidential responses. Key points were:

- Both respondents believed this modification promoted efficiency in the implementation and of the CUSC arrangements.
- Both respondents supported the implementation approach.
- One respondent suggested an amendment to the legal text.

Code Administrator Consultation Responses

Suggested amendment:

'Variations Clause':

*the Clause in the **Existing Agreements** ~~providing that~~ **requires The Company** and the **User** to 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;*

Code Administrator Consultation – Legal Text Changes.

What do the CUSC Governance Rules say?

- 8.23.4 A draft of the **CUSC Modification Report** shall be tabled at the **Panel Meeting** prior to submission of that **CUSC Modification Report** to the **Authority** as set in accordance with the timetable established pursuant to Paragraph 8.19.1 at which the Panel may consider any minor changes to the legal drafting, which may include any issues identified through the **Code Administrator's** consultation and:
- (i) if the change required is a typographical error the **CUSC Modifications Panel** may instruct the **Code Administrator** to make the appropriate change and the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**; or
 - (ii) if the change required is not considered to be a typographical error then the **CUSC Modifications Panel** may direct the **Workgroup** to review the change. If the **Workgroup** unanimously agree that the change is minor the **CUSC Modifications Panel** may instruct the **Code Administrator** to make the appropriate change and the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote** otherwise the **Code Administrator** shall issue the **CUSC Modification Proposal** for further **Code Administrator** consultation after which the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**.
 - (iii) if a change is not required after consideration, the **Panel Chairman** will undertake the **CUSC Modifications Panel Recommendation Vote**.

Code Admin must present the proposed legal text changes

Panel have 3 choices:

- **Agree the changes are typographical and instruct Code Admin to make the change under 8.23.4(i). Then we carry out Recommendation Vote; or**
- **Agree the changes are not needed under 8.23.4(iii). Then we carry out Recommendation Vote; or**
- **Under 8.23.4(ii) Direct the Workgroup to review the changes or ask for a further Code Administrator Consultation to be issued**

Further Points of Consideration

- Do Panel members want to raise any further points of consideration for the modification before the vote takes place?

CMP454 Asks of Panel

- **AGREE** whether or not the proposed changes to the legal text are typographical
- **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 implement
- **NOTE** next steps:
 - Appeals window will open on 11 September 2025 and close on 02 October 2025.
 - Implementation date is 07 October 2025.

CMP454 Next Steps

| Milestone | Date |
|---|---|
| Final Self Governance Modification Report issued to Panel to check votes recorded correctly | 03 September 2025 to 10 September 2025 |
| Appeals Window (15 Business Days) | 11 September 2025 to 5pm on 02 October 2025 |
| Implementation Date | 07 October 2025 |

EBR Article 3 Objectives

For reference, the Electricity Balancing Regulation (EBR) Article 3 (Objectives and regulator aspects) are:

1. This Regulations aims at:

1. Fostering effective competition, non-discrimination and transparency in balancing markets;
2. enhancing efficiency of balancing as well as efficiency of national balancing markets;
3. integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;
4. 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;
5. 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;
6. 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;
7. 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.

Discussions on Prioritisation

- **AGREE** where new Modifications that need Workgroups are placed in the prioritisation stack
- **AGREE** any movements in the current prioritisation stack and carry out deep-dive assessment of all

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 – 07 August 2025 [Meeting materials and Headline Report](#)
- Next meeting – 04 September 2025

European Updates

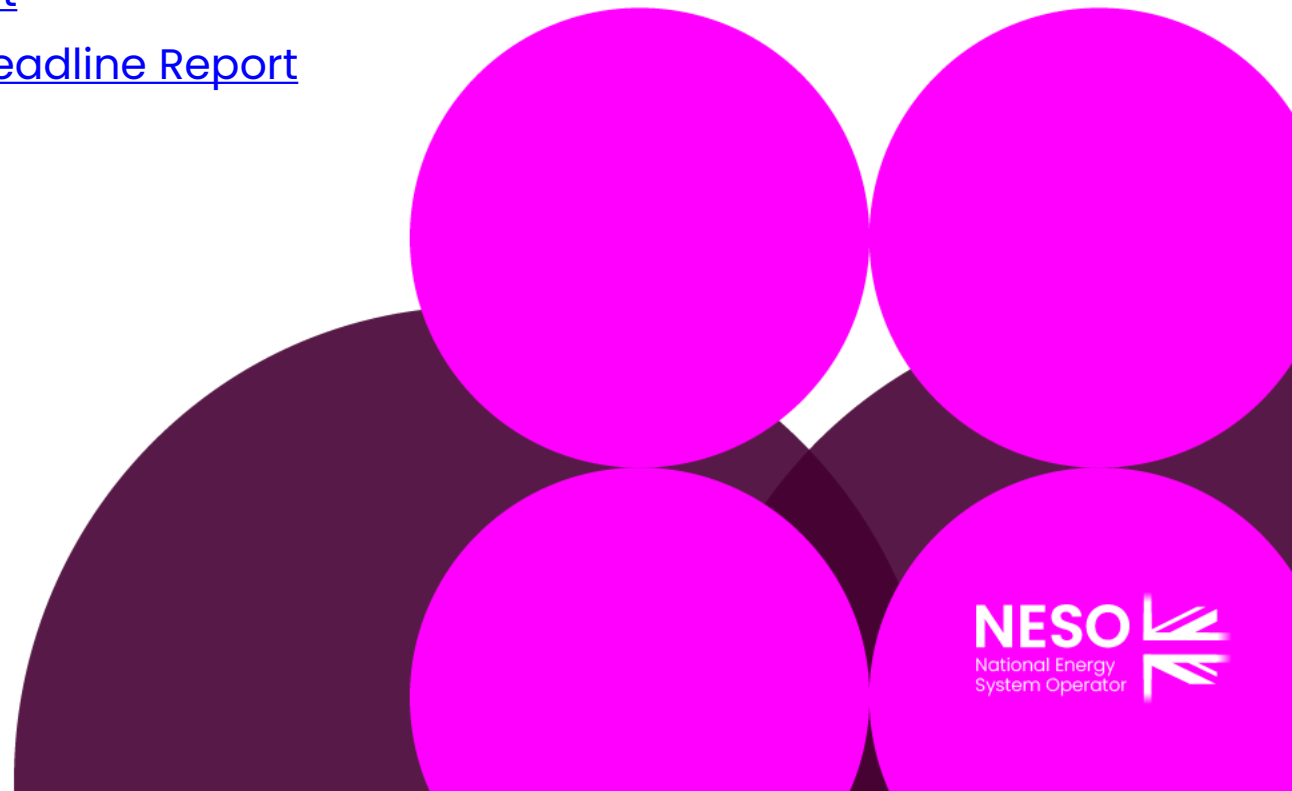
Updates on all European developments relevant to CUSC panel e.g. potential for future governance changes or modifications

- European Code Development – Nadir Hafeez
- Joint European Stakeholder Group – Garth Graham
 - Previous meeting – 12 August 2025 (Cancelled)
 - Next meeting – 09 September 2025

Updates on other industry codes

20 August 2025 STC [Panel Papers and Headline Report](#)

21 August 2025 Grid Code Review [Panel Papers and Headline Report](#)



Horizon Scan

(February, May, August, November)

| Codes Affected | Legislative, Regulatory or Industry Change Overview | Published Content |
|-------------------------------|---|---|
| Grid Code, CUSC and STC | <p>The Balancing Programme was established to develop the balancing capabilities that the Electricity National Control Centre needs to deliver reliable and secure system operation, facilitate competition everywhere and meet NESO's ambition for net-zero carbon operability. From BSC Issues Group: (relating to Optimisers giving instruction recommendations); Storage and Batteries (MDV and MDP) and the use of Faxes to instruct.</p> <p>GC0166 aims to raise new Dynamic Parameters for BMU Storage Assets and is currently with the Authority awaiting a Decision. The suite of Fax Machine modifications are complete and have been implemented (CM099, GC0175, PM0144, CMP443).</p> | Balancing programme |
| Grid Code, CUSC, SQSS and STC | <p>The Offshore Coordination Project has been set up by NESO with support from Ofgem and the Department for Business, Energy & Industrial Strategy. Offshore wind has been identified as a critical technology in achieving net zero greenhouse gas emissions by 2050. In order to help realise this target, a step-change in both the speed and scale of deployment of offshore wind is required.</p> <p>Holistic Network Design work is ongoing, with currently approximately monthly meetings. A successful and well-received in-person HND meeting was held with OEMs on 20/03/25 (next meeting scheduled for 27/08). Offshore Hybrid Assets (OHA) work continues with Ofgem / DESNZ. We anticipate minimum 2 years for Code changes (from the time of initiating Mods).</p> | NESO Offshore Coordination Project Page |
| DCUSA and possibly CUSC | DCP461 was raised on 13 August 2025. This proposal seeks to address the growing set of structural, economic and policy misalignments that are actively hindering the UK's energy transition. This proposal will potentially have an impact on the CUSC dependent on which solution the Workgroup take forward. | DCP461 Proposal form |

Activities ahead of the next Panel Meeting

| | |
|--|----------------------------|
| Transmission Charging Methodologies Forum | 04 September 2025 |
| Modification Proposal Deadline for September Panel | 11 September 2025 |
| Papers Day | 18 September 2025 |
| Panel Meeting | 26 September 2025 Teams |

Close

Penny Garner

Acting Independent Chair