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CUSC Alternative Form – Non Charging

CMP447 Alternative Request 1: Strategic Alignment with Centralised Strategic Network Plan (CSNP)

Overview: This Workgroup Alternative proposes to enhance CMP447 by aligning the definition and designation of 'Excepted Works' to reinforcements previously identified through National Energy System Operator (NESO)'s Pathway to 2030 and Beyond 2030 Publications, and those reinforcements determined through the Centralised Strategic Network Plan (CSNP) methodology, reducing the regulatory burden of separate and multiple designation processes.

Proposer: Nadara | Bluefloat Energy Partnership

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

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What is the proposed alternative solution?

This Workgroup Alternative Connection and Use of System Code (CUSC) Modification (WACM) proposes to enhance CMP447 by extending the definition and designation of 'Excepted Works' to reinforcements previously identified through NESO's Pathway to 2030 publication¹ and Beyond 2030 Publications and those reinforcements determined through the CSNP methodology, reducing the regulatory burden of separate and multiple designation processes.

As a whole system plan the CSNP includes all the network investments needed for electricity, gas, and hydrogen systems over a 25-year horizon. This scope is too broad for the purposes of this modification, so the solution proposes the introduction of clear and transparent pre-qualifying criteria which ensures automatic qualification as 'Excepted Works'.

Rationale for using the CSNP as the basis for defining "Excepted Works".

1. The CSNP includes the strategic reinforcement projects that NESO deem to be necessary to deliver the future energy system and achieve Government targets.
2. It involves a detailed development methodology by NESO and an Ofgem governed assessment process to ensure that these are the appropriate projects to deliver for existing and future customers.
3. There are clearly prescribed outputs listing the existing and proposed schemes included within the Pathway to 2030² and the Beyond 2030³ publications. These are the projects (potentially limited to Pathway to 2030 for scope of this modification) that this proposal recommends be designated as "excepted" by Ofgem.

See Appendix 1 for further explanation and considerations.

¹ [HND Appendix 1 – List of required Onshore and Offshore works](#)

² ["HND Appendix 1 – List of required Onshore and Offshore works"](#)

³ Beyond 2030 Report

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This hard-coded eligibility would specify that 'Excepted Works' would include electricity transmission reinforcements included on the CSNP Delivery Pipeline (not Funnel of Options), at or above 132kV.

The Alternative would achieve the following:

1. Enables Network planning and policy continuity

- Includes previously identified strategic reinforcements as 'Excepted Works'
- Ensures continuity in the short term by including all existing strategic reinforcements supporting Connection Reform Gate 2 Offers
- Ensures continuity in the long term by including all strategic reinforcements defined by CSNP process

2. Enhance Strategic Coherence

- Aligns with Clean Power 2030 delivery framework
- Supports the Strategic Spatial Energy Plan development
- Integrates with wider strategic energy planning hierarchy

3. Removes a Separate Designation Process

- Removes the regulatory burden of repeated Ofgem designation of multiple schemes
- Replaces this with automatic qualification based on CSNP inclusion
- Maintains robust governance through existing CSNP approval mechanisms

4. Establishes a CSNP Interface

- Defines clear criteria for CSNP work identification – those works listed become automatically designated as 'Excepted Works'
- Establishes update mechanisms when CSNP is revised – Accommodates the three-year cycle for review and the Interim update process in the CSNP
- Creates transitional arrangements for existing designated works – identify existing works as 'Excepted Works', i.e. Accelerating Strategic Transmission Investment (ASTI) / Large Onshore Transmission Investment (LOTI) / Medium Sized Investment Project (MSIP)s and those identified in the Pathway to 2030 and Beyond 2030 strategic plans.

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What is the difference between this and the Original Proposal?

The Alternative maintains the original benefits of the Original Proposal

- Reduces attributable works securities for strategic transmission reinforcement projects
- Supports accelerated renewable energy connections
- Aligns with the urgent and immediate Gate 2 implementation timeline by removing the need for an additional Ofgem determination
- Addresses commercial impact concerns about ‘stranded assets’ raised by industry by only removing securities from reinforcement schemes that have an approved mandate for delivery

The Alternative introduces enhancements to the Original Proposal

- **Strategic coherence:** Full alignment with government policy framework
- **Regulatory efficiency:** Eliminates duplicated designation processes (i.e. CSNP v Ofgem designation)
- **Reduces uncertainty:** Reduces uncertainties of separate classifications of strategic works (i.e. being designated or not) – enhances investment certainty as a result
- **Implementation certainty:** Predictable and consistent framework through CSNP methodology
- **Long-term sustainability:** Integrated approach supports ongoing strategic planning evolution
- **Reduces regulatory burden:** The streamlined approach would eliminate duplicated and time-consuming processes whilst ensuring there is appropriate oversight to the regulatory outcomes

What is the impact of this change?

The Alternative would result in a number of material positive impacts across industry.

Stakeholder Benefits

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Developers and Investors

- Greater certainty over strategic work exclusions
- Reduced regulatory risk and implementation delays
- Clear linkage to government strategic priorities
- Enhanced transparency through CSNP consultation processes

Network Operator and Regulator

- Streamlined coordination with strategic planning
- Reduced administrative burden from parallel processes
- Clear framework for strategic infrastructure development
- Enhanced alignment with system-wide planning

System Operation

- Coherent approach to strategic network development
- Improved coordination across planning functions
- Enhanced delivery of Clean Power 2030 objectives
- Support for wider net zero transition

Rationale and Benefits

Strategic Alignment Benefits

Policy Coherence: Direct alignment with government's strategic planning framework ensures consistent approach to strategic infrastructure identification and cost allocation.

Regulatory Efficiency: Single, authoritative source for strategic work determination through robust CSNP methodology eliminates duplicated designation and approval processes.

Implementation Certainty: Clear, predictable framework reduces uncertainty for developers and supports urgent Gate 2 implementation timeline.

System-Wide Advantage

Whole-System Planning: CSNP covers electricity, gas and hydrogen networks with 25-year horizon, providing comprehensive strategic perspective.

Stakeholder Engagement: CSNP methodology includes extensive consultation requirements, ensuring broader stakeholder input than separate designation process.

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Net Zero Alignment: Direct linkage to Clean Power 2030 targets and net zero delivery mechanisms through strategic planning integration.

CSNP Considerations

The Alternative would benefit from the clearly defined and worked through CSNP processes including

- Systematic methodology to identify and define strategic network reinforcements derived across transmission systems.
- Transparent criteria for identification of strategic network reinforcements with a rolling 25-year horizon.
- The identified outputs will be a three-year CSNP publication covering all energy vectors, including onshore and offshore electricity transmission infrastructure
- It will also include interim updates as required, which would include delivery pipeline updates, emerging system needs, policy changes and technological developments
- The CSNP provides multi-level oversight ensuring working-level governance, senior-level strategic oversight, comprehensive public consultation and independent regulatory review through Ofgem.

As a consequence, the alternative would ensure that there is a comprehensive, systematic and fully consulted governance process supporting the identification of strategic network reinforcements.

Proposer's assessment against CUSC Non-Charging Objectives

Relevant Objective	Identified impact
(i) The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;	Positive Better Facilitates: Creates streamlined, coherent approach to strategic work designation that aligns with NESO's statutory CSNP obligations while

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	maintaining CMP447 benefits.
(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;	<p>Positive</p> <p>Better Facilitates: Reduces barriers to entry by providing clearer, more predictable exclusion framework for strategic works, with enhanced transparency through CSNP consultation processes.</p>
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	<p>Neutral</p> <p>Neutral: Maintains all legal compliance aspects of original CMP447 while enhancing alignment with statutory strategic planning obligations.</p>
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<p>Positive</p> <p>Better Facilitates: Eliminates administrative duplication and reduces complexity while maintaining robust governance through established CSNP approval mechanisms.</p>

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* 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:

Suggested Modification and Alternative Timelines

Phase 1 (2025): Alternative approval and initial implementation for Gate 2 compatibility

Phase 2 (2025–2026): Assignment of 'Excepted Works' status to existing pre-identified reinforcements and full integration with approved CSNP methodology

Phase 3 (Ongoing): Regular updates aligned with CSNP 3-year review cycle

Implementation approach:

Legal Text Modifications

- Amend CUSC definitions to reference transitional provisions identifying pre-existing reinforcements as 'Excepted Works' and also reference CSNP determinations (see below)
- Remove separate designation process provisions (actioned through the below text)
- Establish update mechanisms for CSNP revisions (actioned through the below text – 'and any successor documents')

CUSC Section 11

"Excepted Works"

"Excepted Works" means any Transmission Construction Works which:

- (a) operate at voltages of 132kV or above; and
- (b) are included in the delivery pipeline or equivalent firm commitment category of:
 - (i) The Company's 'Pathway to 2030 (Holistic Network Design)' report dated July 2022, as may be updated from time to time;

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(ii) The Company's 'Beyond 2030' report dated March 2024, as may be updated from time to time; or

(iii) any strategic network plan published by The Company in the discharge of its statutory strategic network planning functions pursuant to its licence and the Energy Act 2023 (or any re-enactment or amendment thereof), including but not limited to the Centralised Strategic Network Plan and any successor documents so designated in writing by The Company as forming part of such functions; and

(c) constitute Wider Works undertaken for broader transmission system capability requirements as assessed under the NETS SQSS methodology, rather than Attributable Works specific to connection requests.

For the avoidance of doubt, works included in option assessment or long-term planning categories (rather than firm delivery commitments) shall not constitute Excepted Works unless and until they are transferred to a delivery pipeline or equivalent firm commitment category.

Observations on CUSC s11 legal text

- Moves away from Authority funding as the key criteria and aligns with the policy shift to centralised strategic network planning through NESO, as outlined in the Energy Act 2023 (Part 5, s161, 163), Proposed Licence Conditions (Special Condition 2.2) and published government framework and guidance
- "Wider Works" vs "Attributable Works" are existing CUSC concepts
- "NETS SQSS methodology" is an established technical standard

CUSC Section 15

No change to proposed text

Acronyms, key terms and reference material

Acronym / key term	Meaning
ASTI	Accelerating Strategic Transmission Investment
CMP	CUSC Modification Proposal
CSNP	Centralised Strategic Network Plan
CUSC	Connection and Use of System Code
ETYS	Electricity Ten Year Statement
LOTI	Large Onshore Transmission Investment
MSIP	Medium Sized Investment Project
NESO	National Energy System Operator

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WACM	Workgroup Alternative CUSC Modification
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Reference material:

1. <https://www.neso.energy/industry-information/codes/cusc/modifications/cmp447-removal-designated-strategic-works-cancellation-chargessecuritisation>

Appendix 1 – Considerations for workgroup

Identification of excepted works through NESO strategic network planning publications rather than previous Ofgem-approved funding mechanisms. It is suggested that the identification of reinforcements as strategic should derive from their identification as part of wider system planning requirements rather than a narrower interpretation as to whether they have attracted, or could attract, specific funding through ASTI/LOTI/MSIP.

‘Excepted Works’ – adoption of Pathway to 2030 and potentially also Beyond 2030 works as existing designated works. They have been approved by NESO and Ofgem already and present an already identifiable list removing any additional regulatory resource to redesignate further on a case-by-case basis.

Removal of attributable works to Wider – Out of scope of this modification. However, it is noted that moving the works to wider is consistent with existing policy. Issues only potentially arise as a result of disproportionate variable ETYS zonal amounts, which could be remedied by applying more reasonable levelised zonal amounts, thereby removing any disproportionate charges on individual regions/generators through huge variances in ETYS zonal charges.

Appendix 2 – Legal Drafting Considerations

I note suggestions in the proposal for CMP428⁴ (not adopted in the final text) which sought to deliver the same output as this alternative.

For reference the text as previously discussed is copied below:

⁴ <https://www.neso.energy/document/304706/download>

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“Excepted Works” ‘Any Construction Works which have been designated as “onshore transmission (reinforcement)” by the Authority in its decision of 19 October 2022 on the classification of assets included in The Company’s HND1 or in any future decisions by the Authority on the classification of assets included in the HNDFUE or tCSNP or CSNP.’

New definitions would then also be created in CUSC section 11 for HND, CSNP, and OTNR as follows.

“HND” The output of the holistic network design process being undertaken under the OTNR published in July 2022 (the “HND1”) or the subsequent follow up to the HND1 (the “HNDFUE”) or any further development or iteration of the HND or approach to HND.

“Centralised Strategic Network Plan (CSNP)” ‘The centralised strategic network plan being developed by The Company, the first version of which (which will include HND) (the “transitional” CSNP or “tCSNP”) is to be published in 2024.’

“OTNR” The Offshore Transmission Network “Review” launched in July 2020 by the UK Energy Minister.’

This would effectively ensure onshore transmission (reinforcement) in the HND or future iterations of the HND are not classified as Attributable Works, avoiding significant financial liabilities being levied on generators in the HND. If Works are not attributable, these should fall into the Transmission Owner’s (TO) capital expenditure (CAPEX) forecast and therefore flow into the Wider Cancellation Charge.

This Definition was replaced in the final proposal by the following text:

A new definition would then be created in CUSC section 11 for ‘Excepted Works’ as follows.

‘Any Construction Works which have designated not to be Attributable Works for the purposes of CUSC by the Authority.’

This would effectively ensure onshore transmission circuits in the HND or future iterations of the HND are not classified as Attributable Works, avoiding significant financial liabilities being levied on generators in the HND