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CUSC Panel 27 June 2025

CUSC Panel Minutes

Date: 27/06/2025 **Location:** Microsoft Teams

Start: 10:00 **End:** 13:10

Participants

Attendee	Initials	Representing
Jon Wisdom	JW	Acting Independent Panel Chair
Catia Gomes	CG	Panel Secretary, Code Administrator
Ren Walker	RW	Panel Technical Secretary, Code Administrator
Andrew Enzor	AE	Users' Panel Member
Andy Pace	AP	Consumers' Panel Member
Binoy Dharsi	BD	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Joe Dunn	JD	Users' Panel Member
Mark Duffield	MD	Users' Panel Member Alternate
Kyran Hanks	KH	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Daniel Arrowsmith	DA	NESO Panel Member
Nadir Hafeez	NH	Authority Representative
Harriet Harmon	HH	Authority Representative
Rashmi Radhakrishnan	RR	Elexon Observer

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Apologies

Attendee	Initials	Representing
Penny Garner	PG	Acting Independent Panel Chair
Joe Colebrook	JC	Users' Panel Member

Presenters

Attendee	Initials	Position
Alex Curtis	AC	Proposer of CMP454 and CMP455

Observers

Attendee	Initials	Representing

1. Introductions, Apologies and Declarations of Interest

12907. Apologies were received from Penny Garner and Joe Colebrook.

2. Minutes from previous meeting

12908. The meeting minutes from 02 May and 15 May were approved. The minutes from the Panel held on 23 May and Special Panel on 09 June will be subject to approval at the meeting on 25 July 2025.

3. Review of actions log

12909. The CUSC Panel reviewed the open actions from the meeting held on 23 May, which can be found on the Actions Log.

4. Chair's update

12910. No updates from the Chair.

5. Authority Decisions

12911. NH provided an update on Modifications that have been decided upon, together with those currently awaiting their decision.

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Decisions since last CUSC Panel

12912. NH confirmed no decisions have been made on CUSC Modifications since the last CUSC Panel.

Awaiting Decisions

Modification	Final Modification Report Received	Expected Decision Date
<u>CMP315</u> 'TNUoS* Review of the expansion constant and the elements of the transmission system charged for' and <u>CMP375</u> 'Enduring Expansion Constant & Expansion Factor Review' <i>*Transmission Network Use of System Charges</i>	07 February 2024	TBC pending update on REMA (previously 07 February 2025)
<u>CMP330 & CMP374</u> '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
<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>CMP418</u> 'Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer'	11 March 2025	By the end of July 2025
<u>CMP441</u> 'Reducing the credit risk of supplying non-embedded hydrogen Electrolysers'	23 December 2024	13 June 2025
<u>CMP444</u> 'Introducing a cap and floor to wider generation TNUoS charges'	28 March 2025	01 July 2025
<u>CMP450</u> 'Introducing the definition of Dynamic Reactive Compensation	14 May 2025	TBC

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Equipment (DRCE) in the CUSC'		
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Other Updates

12913. NH advised the Panel that on 11 March, the Authority has published a decision on Code Manager selection. Alongside the decision, the Authority has published their updated guidance on Code Public 4 Manager selection after consideration of stakeholder feedback. Ofgem is planning to begin the selection process for phase 2 codes as soon as possible and will share more information in due course.

6. New modifications

12914. Two new modifications were presented to the Panel.

CMP454: CMP434 / CMP435 Section 11 changes

12915. Following the Authority's decision on approving CMP434/CMP435 on 15 April 2025, two resultant definition changes are recommended to CUSC Section 11 to define concepts of "Gated Offers" and "Variations Clause" as respectively used in the CMP434/CMP435.

12916. Prior to the Panel meeting, Panel Members raised some concerns with the proposed legal text for CMP454, however following confirmation from the Proposer and agreement by other Panel Members, the Panel agreed unanimously that CMP454 should follow the Self – governance route and proceed to Code Administrator Consultation.

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

12917. The Panel also discussed the proposed timeline for CMP453, noting that the proposed implementation date is 01 April 2026. CG advised the Panel that under CMP292, a decision would be required by 30 September. HH stated that the date of 30 September is a target date, not a requirement, therefore this wouldn't preclude a decision or implementation.

12918. The Panel unanimously agreed that CMP453 should follow the Fast Track Self – governance route.

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7. In flight modification updates

12919. CG talked the Panel through the progression of the in-flight modifications. The in-flight modifications can be found within the CUSC Panel papers pack via the following link: [Modification Tracker](#)

CMP316: TNUoS Arrangements for Co-located Generation Sites

12920. CG advised the Panel that 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 WACMI. Therefore, the scaling of ALFs was incorporated into the latest version of legal text.

12921. CG noted that the Workgroup concluded by majority (4 out of 5) that the Original better facilitated the Applicable Objectives than the Baseline, and unanimously that WACMI better facilitated the Applicable Objectives than the Baseline. The Panel agreed that following the send back decision, the CMP316 has met the Terms of Reference and can proceed to its Second Code Administrator Consultation.

CMP417: Extending principles of CUSC Section 15 to all Users

12922. The Panel approved the amended Terms of Reference as submitted within the Panel Papers.

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

12923. The Panel discussed the proposed amended timeline for CMP440. There was a consensus that while the implementation might be delayed to February 2026, it is crucial to send the right signal to the industry. The proposed timeline suggests getting the Final Modification Report submitted to Ofgem by November 2025, with a decision expected by March 2026. However, some Panel Members were in agreement that the signal's importance outweighs the implementation date, also acknowledging the need for adequate notice periods for suppliers and the implementing the changes into the CUSC within the proposed timeframe. The

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Panel approved the new timeline for CMP440, however agreed that the decision date should be amended to 30 March 2026.

The next Modification Tracker will be published on 07 July.

8. Workgroup Reports

12924. No Workgroup Reports were presented to the Panel.

9. Draft Final Modification Reports

12925. The following Draft Final Modification Report was presented to the Panel:

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

12926. This modification proposes that the additional revenue allowances for Offshore Transmission Owners (OFTOs) in relation to Income Adjustment Events (IAEs) should be recovered from all demand Users, rather than the Generator directly affected.

12927. CG advised the Panel that the third Code Administrator Consultation was run from 09 May – 02 June 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.

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12928. Prior to holding their recommendation vote, Panel Members debated the merits of voting in isolation versus having detailed discussions before holding their recommendation vote. It was noted that recent changes have involved debates followed by votes, and there was a suggestion to discuss the advantages and disadvantages of pre-populating voting statements. The Panel agreed to add a reflection slide before the vote and to review the process for handling modifications with multiple WACMs. **ACTION**

12929. The Panel agreed by majority that CMP344 better meets the objectives than the baseline. **(Post meeting note: The Final Modification Report was submitted to the Authority on 09 July 2025).**

10. Discussion on Prioritisation

12930. The Panel carried out a monthly review of the prioritisation stack, taking into consideration feedback from industry participants, the CUSC Panel agreed the following changes to the prioritisation stack:

Modification	Panel Comments	Position in Prioritisation Stack
<u>CMP453</u> 'To Bill BSUoS on a net basis at BSC Trading Units'	The Panel unanimously agreed that based on the prioritisation criteria, CMP453 should be placed high.	High

12931. The Panel will continue to review the prioritisation stack on a monthly basis, taking into account feedback from industry. As work on the current modifications concludes and industry capacity is released, the Panel will prioritise and review other modifications accordingly.

The latest prioritisation stack can be found [here](#).

11. Standing Groups

Transmission Charging Methodology Forum (TCMF)

12932. DA informed Panel that the TCMF meeting was held on 08 May. The meeting materials can be found via the following link: [Transmission Charging Methodology Forum](#)

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12. European Updates

Joint European Stakeholder Group (JESG)

12933. GG confirmed that the JESG meeting due to be held on 13 May was cancelled. The next JESG meeting will be held on 10 June.

13. Update on other Industry Codes

12934. The Panel papers and Headline Report for the following meetings can be found at the below links:

- 06 May 2025 Special SQSS [Panel Papers and Headline Report](#)
- 21 May 2025 Grid Code Review [Panel Papers and Headline Report](#)
- 22 May 2025 STC [Panel Papers and Headline Report](#)

12935. CG advised the Panel that a consequential CUSC Modification as a result of [GC0168: Submission of Electro Magnetic Transient \(EMT\) Models](#) has been raised, however the Code Administrator is working with the Proposer to further develop the proposal before it is formally raised at a Panel meeting.

14. Relevant Interruptions Claim Report

12936. No further updates for the Panel.

15. Governance

12937. No further updates for the Panel.

16. Horizon Scan

12938. CG presented the Horizon Scan to the Panel. The Panel had no further comments on this.

17. Code Administrator Update

CUSC Panel Elections 2025

12939. CG advised the Panel that the CUSC Modification Panel Elections are due to take place this year. CG stated that communications regarding the elections will be sent to industry on 30 June 2025. GG questioned if there should be a proposal raised to extend the term of the election, considering ECR timescales. JW noted it would be sensible to be transparent to industry regarding any changes and

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requested that the Code Administrator ensures consistent messaging regarding the elections.

CUSC Panel Dates for 2026

12940. CG provided the Panel with an update on the proposed CUSC Panel dates for 2026. All Panel Members agreed with the proposed dates for 2026.

18. Any Other Business (AOB)

Recruitment update for Independent Chairperson

12941. CG provided the Panel with an overview of the process for the appointment of the new Independent Chairperson. CG explained that Panel Members can be involved with the interview panel and then a recommendation will be put forward to the Authority for approval. CG stated that while the recruitment process is underway for the Independent Chairperson, a Senior Manager from NESO will act as the interim Independent Chair, this is in line with Section 8.7.1. CG confirmed that the Independent Chairperson will be recruited for both the CUSC and Grid Code Review Panel.

Gate 2 Connections Reforms

12942. JD provided feedback on the Gate 2 Connection reforms, highlighting the need for consistent treatment and mechanisms to support legacy issues. JD mentioned that there are still significant delays persist, with customers struggling to speak to someone directly, and the portal is inadequate. GG added that the FAQs should include information about the new portal, and DA took an action to get an answer for PJ.

CMP448 Further Analysis

12943. NH advised the Panel that the analysis, which was intended to be submitted with the CMP448 Final Modification Report on 04 July includes two parts: one that NESO had planned to submit, and another requested by Ofgem. While the first part is on track, the second part may not be ready by the deadline, potentially causing timeline issues. GG raised concerns about the evidence Ofgem will use for its decision-making and the need for additional analysis that the Workgroup hasn't seen.

12944. A Panel Member noted that as there have been no legal text changes identified following the Code Administrator Consultation, the governance rules do not allow for Panel to direct that this needs to go back to Workgroup, this would need to

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follow the process through and a formal send – back directed by the Authority.

The Panel also agreed that input from the Authority would be required on the timescales for getting CMP448 through the process if the Panel are unable to hold their recommendation vote as per the approved timeline.

19. Close

12945. The Chair thanked the Panel for their time and contribution and brought the meeting to a close.

The next CUSC Panel meeting will be held on 25 July.

New Modification Proposals to be submitted by 10 July.

CUSC Panel Papers Day is 17 July.