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CUSC Alternative Form – Non Charging

CMP447 Alternative Request 2: Defined Obligations

Overview: This Workgroup Alternative proposes to enhance CMP447 by including further obligations while not defining the methodology for designating ‘Excepted Works’. This includes setting the timeframe for National Energy System Operator (NESO) to submit a proposed set of designations to The Authority following implementation, publication of an ‘Excepted Works’ list and the ongoing minimum timeframe between designations being proposed to The Authority.

The Alternative could stand alone or be considered as an interim solution ahead of the first formal version of the Centralised Strategic Network Plan (CSNP) and the solution defined under Alternative 1.

Proposer: Kyle Murchie | Roadnight Taylor

☒ I/We confirm that this Alternative Request proposes to modify the non - charging section of the Connection and Use of System Code (CUSC) only

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What is the proposed alternative solution?

This Alternative proposes to enhance CMP447 by putting further obligations on NESO while not defining the methodology for designating 'Excepted Works'. It seeks to adopt the approach taken in CUSC Section 15, User Commitment Methodology, where a defined timeframe is outlined along with publication requirements.

The proposed additions and / or changes are as follows:

- **Proposed designation submissions** – Proposed timeframe for designation submissions between NESO and Ofgem:

- Following implementation

Legal Text suggestion / starting point:

The Company shall issue an Excepted Works designation request [recommendation] to The Authority as soon as practicable after the Implementation Date for CUSC Modification Proposal CMP447 and no more than 3 months after the Implementation Date.

- Enduring

Legal Text suggestion / starting point:

The Company shall issue an Excepted Works designation request [recommendation] to The Authority by no later than 01 May and 01 November each Calander Year.

- **Publication of 'Excepted Works'** – It is not proposed to include a list of 'Excepted Works' as a schedule within the legal text. Instead, any NESO proposed or approved 'Excepted Works' could be included within the Final Workgroup Report.

However, it is proposed that a requirement be added to the legal text requiring NESO to publish a statement including specific details of the 'Excepted Works' and any other works proposed for designation where a decision has yet to be made. Maintaining a clear track of works that were not approved is also proposed.

See Appendix 1 for example schedule or register.

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Legal text suggestion / starting point:

By no less than 90 days before 01 April and 01 October each Calendar Year The Company will publish a statement showing:

- a) Excepted Works [where those apply to one or more Bilateral Connection Agreement(s)]*
- b) Date from which works are designated as Excepted Works*
- c) Works proposed by The Company to be designated as Excepted Works that have been rejected by The Authority*
- d) Works proposed by The Company to be designated [where The Authority has yet to communicate a decision]*
- e) The relevant project reference number associated with the works as set out within the Transmission Works Register or Centralised Strategic Network Plan (CSNP)*

- **Non reversible designation** – The Original Proposal does not prevent a reversal of ‘Excepted Works’ designation. Thus Alternative 2 proposes to clarify within the legal text, removing ambiguity and increasing investor confidence.

Legal text suggestion / starting point:

Excepted Works, once designated, cannot be reversed where the Scope of Works or project definition is unchanged.

OR [Excepted Works, once designated, can only be reversed where the Scope of Works or project definition has materially changed.]

- **Template for designation requests** – Through this alternative a template could be developed and included as a schedule within the CUSC, aiding the communication of proposed designations between NESO and Ofgem. This is not a key component of this component so could be removed without having any impact on the principal of the Alternative.

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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 by including further obligations while not defining the methodology for designating 'Excepted Works'. This includes setting the timeframe for NESO to submit a proposed set of designations to The Authority following implementation, publication of an 'Excepted Works' list and the ongoing minimum timeframe between designations being proposed to The Authority.

The Alternative could stand alone or be considered as an interim solution ahead of the first formal version of the CSNP and the solution defined under Alternative 1.

What is the impact of this change?

The Alternative introduces enhancements to the Original Proposal

- Implementation certainty – While the Alternative does not mandate an approved list of all Excepted Works at time of implementation, nor the methodology underpinning each decision, it does set a timeframe and better facilitate transparency.
- Unintended consequences – Despite the intent of CMP447, the Workgroup and the proposed CUSC Section 15 Guidance Note update, the Original Proposal only facilitates designation by The Authority. Through setting a timeframe for NESO to make recommendations to The Authority and setting the minimum requirements for a Excepted Works register, unintended consequences such as decisions being made out of step with the present Security Periods and unequal visibility of Excepted Works across a competitive market being significantly reduced.

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- User uncertainty – The Original Proposal sets out relatively minimal changes to the legal text and while these facilitate the concept of designating Excepted Works other than those already in scope of CMP428, it does not mandate a process in which NESO must present a recommended list of works for the Authority to consider designating. The Alternative seeks to make a balanced change, increasing investor confidence while not making fundamental changes or additions to the Original Proposal.
- Administrative efficiencies – The Alternative provides the opportunity for efficiencies, ensuring the enduring designation process aligns with existing Final Sums and User Commitment Security Periods.

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 Removes uncertainty which reduces the risk of post Gate 2 Offer revisions.
(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;	Positive Through defined obligations and a minimum timeframe for designation, Users should have the information required at time of Offer acceptance. Open publication would also increase transparency and with it competition.
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	Neutral Maintains all legal compliance aspects of original CMP447.

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(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<p>Positive</p> <p>Removes the risk of re-estimations post Gate 2 Offer issue and or Security Statements issued in January 2026 for the April to September 2026 security period. Also avoids low impact queries from Users through providing upfront visibility.</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:

In line with the Original Proposal.

Proceed on an urgent basis and in line with the timetable approved by the Panel, recognising the impact implementation and a defined set of Excepted Works could have on the acceptance of Gate 2 Offers from Q4 2025.

Implementation approach:

While implementation is largely in line with the Original Proposal, the additional obligations introduced through Alternative 2 would require preparatory activities to be progressed in parallel to the CMP447 timeline and Authority decision process.

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Noted activities including the development of a recommended 'Excepted Works' list through NESO have been discussed within the Working Group meetings, hence the practical differences between the Original and Alternative 2 could be minimal. The Alternative simply seeks to incorporate such intentions into the legal text.

Acronyms, key terms and reference material

Acronym / key term	Meaning
CMP	CUSC Modification Proposal
CSNP	Centralised Strategic Network Plan
CUSC	Connection and Use of System Code
NESO	National Energy System Operator
WACM	Workgroup Alternative CUSC Modification

Reference material:

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

Appendix 1 – Excepted Works Register Example

Excepted Works					
Project Name	Reference Number	Approved	Rejected	Awaiting Decision	Decision Date
		X			xx xx xxxx