

Public

CUSC Panel

Wednesday 15 October 2025

Online Meeting via Teams

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.

Draft Final Modification Report

CMP447: Removal of designated strategic
works from cancellation charges/securitisation

Catia Gomes

Solution(s)

Solution/summary of solutions:

- The Original solution extends CMP428's effect to works excluded from relevant projects Attributable Works, including Transmission works and assets guaranteed under price controls. It also adjusts Attributable Works for Generators with fixed Attributable Works, removing the cost of Excepted Works while maintaining the rest of the fix.
- The WACM1 solution proposes to align the definition and designation of Excepted Works with strategic reinforcements identified in NESO's Pathway to 2030 and Beyond 2030 publications, as well as those determined through the Centralised Strategic Network Plan (CSNP) methodology.
- The WACM2 solution proposes to enhance CMP447 by placing additional obligations on NESO without defining the methodology for designating Excepted Works, introducing specific deadlines for NESO to submit designation requests to Ofgem and requiring the publication of a register of Excepted Works to ensure transparency.
- The WACM3 solution proposes to enhance CMP447 by combining elements of WACM1 and WACM2.

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses:

Code Administrator Consultation was run from 19/09/2025 to 03/10/2025 and received 18 non-confidential responses and 3 confidential responses. Key points were:

- The consultation received high levels of support with 17 out of 18 respondents stating that all solutions better facilitated the Applicable CUSC objectives than the baseline.
- 13 out of 18 respondents preferred the WACM3 solution.
- 1 respondent was not supportive due to the urgency and need to implement the code modification within the Gate 2 offers as part of the Gate 2 To Whole Queue (G2TWQ) process in the implementation of Connections Reform.
- Most respondents emphasised that timely implementation is critical, ideally before Gate 2 offers or the next security deadline.
- No legal text issues identified.

Further Points of Consideration

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

CMP447 Asks of Panel

- **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 recommend implementation
- **NOTE** next steps

CMP447 Next Steps

Milestone	Date
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	15 October 2025
Submission of Final Modification Report to Ofgem	15 October 2025
Ofgem decision date	December 2025
Implementation Date	10 Business days after Authority Decision

EBR Article 3 Objectives

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

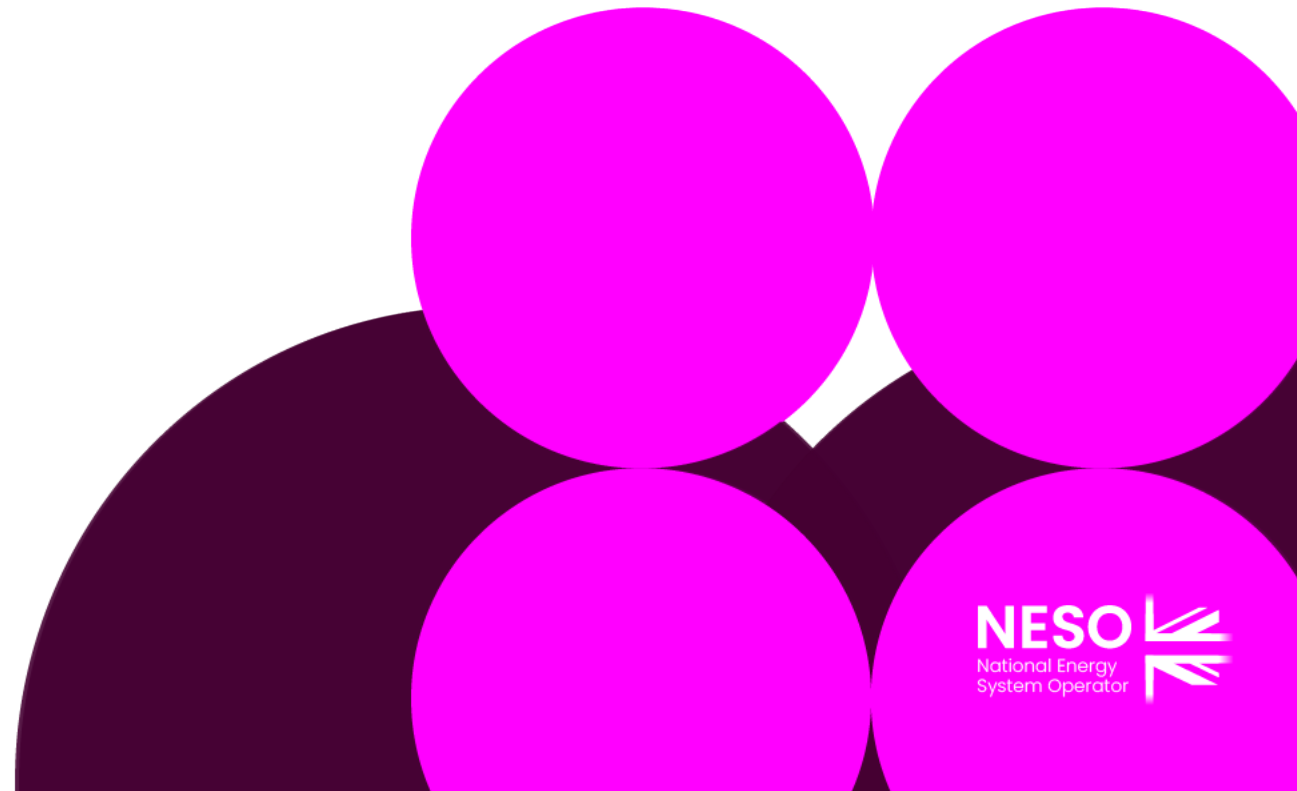
1. This Regulations aims at:

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.

New Modification

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

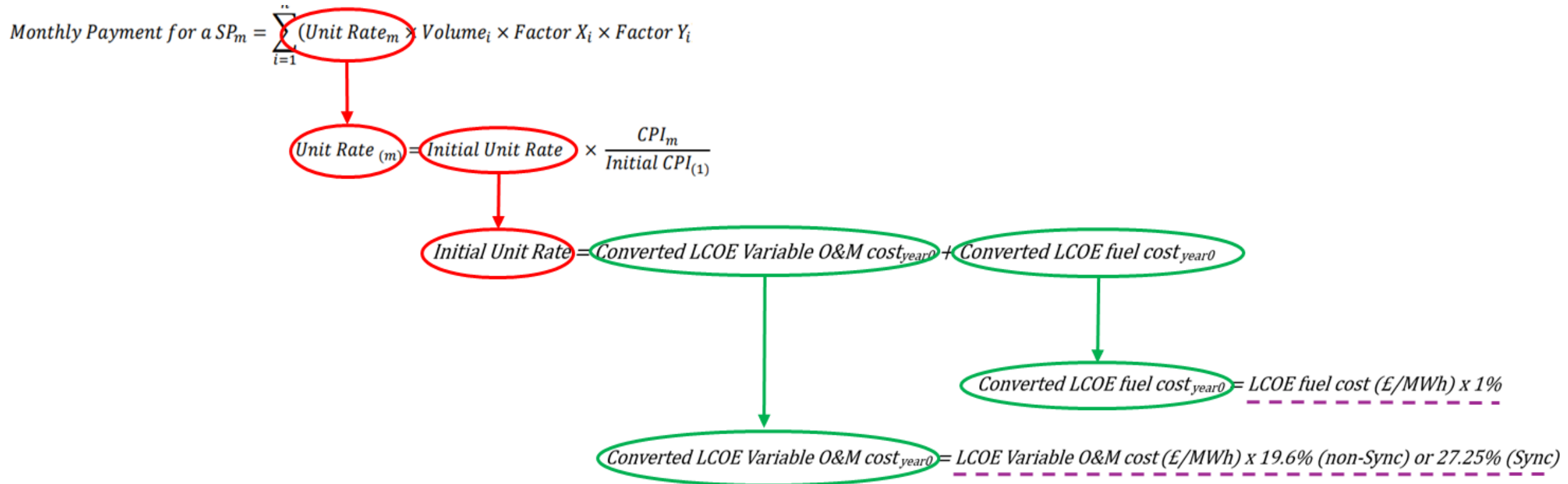
Jeremy Taylor, NESO



High-level solution

- The solution is designed to align with the charging principles in the CUSC Schedule 3, Appendix 7.
- The rate(s) will continue to be calculated monthly, as a £/MVArh, but one rate per technology type.
- The rates will be based on apportioned variable O&M costs and fuels costs for each technology type.
- The design references the latest data in DESNZ's Levelised Cost of Electricity (LCOE) publications, which DESNZ update regularly and with whom we are working to agree a data change process.
- As cost data is expressed in £/MWh, the methodology extrapolates out £/MVArh values by applying a power factor conversion against the variable O&M costs and a flat percentage against the fuel costs.
- There are two power factor conversion types: one for Synchronous machines, and one for non-Synchronous machines
- A flat rate of 1% is applied to the fuel costs, where such costs are applicable.
- Indexation is proposed monthly using CPI.
- As some iterations of the LCOE reports contain technology updates while others don't. It is proposed to use GDP deflator to align all technology costs to "year 0", where necessary.
- ORPS rates will be re-aligned to when new LCOE reports are published.

High-level solution



Latest progress and next steps

- An industry webinar took place on 25th September. Its focus was to share the solution with industry and gather feedback to be considered in the final recommendation.
- We expect further discussion on the proposed solution within the Code modification Workgroups.

CMP457 Proposed Timeline

Milestone	Date	Milestone	Date
Modification presented to Panel	15 October 2025	Code Administrator Consultation	03 August – 24 August 2026
Workgroup Nominations (15 Business Days)	16 October – 06 November 2025	Draft Final Modification Report (DFMR) issued to Panel (5 Business Days)	17 September 2026
Workgroup 1 – 6	13 November 2025 11 December 2025 07 January 2026 04 February 2026 25 February 2026 18 March 2026	Panel undertake DFMR recommendation vote	25 September 2026
Workgroup Consultation (15 Business Days)	25 March – 17 April 2026	Final Modification Report issued to Panel to check votes recorded correctly	28 September 2026
Workgroup 7 – 10	06 May 2026 27 May 2026 17 June 2026 08 July 2026	Final Modification Report issued to Ofgem	06 October 2026
Workgroup report issued to Panel (5 Business Days) 5 clear Business Days minimum	23 July 2026	Ofgem decision	TBC
Panel sign off that Workgroup Report has met its Terms of Reference	31 July 2026	Implementation Date	10 Business Days following Authority Decision

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 proposed timeline

Any Other Business

- NESO Connections Reform Update
- In person Panel on 31 October



Activities ahead of the next Panel Meeting

Modification Proposal Deadline for October Panel	16 October 2025
Papers Day	23 October 2025
Panel Meeting	31 October 2025 Faraday House/ Teams

Close

TBC

Acting Independent Chair, CUSC
Panel