

Public

CUSC Panel 03 September 2025

CUSC Panel Minutes

Date: 03/09/2025	Location: Faraday House
Start: 10:00	End: 14:30

Participants

Attendee	Initials	Representing
Penny Garner	PG	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 Colebrook	JC	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

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Nadir Hafeez	NH	Authority Representative
Harriet Harmon	HH	Authority Representative
Rashmi Radhakrishnan	RR	ELEXON – Observer

Apologies

Attendee	Initials	Representing
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Presenters

Attendee	Initials	Position
Jeremy Taylor	JT	Proposer of CMP457
Stephen Dale	SD	Proposer of CMP457

Observers

Attendee	Initials	Representing
Aishwarya Harsure	AH	NESO

1. Introductions, Apologies and Declarations of Interest

12925. No apologies were received.

2. Minutes from previous meeting

12926. The meeting minutes from 27 June, 04 July and 25 July will be presented for approval at the September CUSC Panel.

3. Review of actions log

12927. The CUSC Panel reviewed the open actions from the meeting held on 25 July, which can be found on the Actions Log.

4. Chair's update

Appointment of the new Independent Panel Chairperson

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12928. The Chair advised the Panel that following a thorough recruitment process and the approval of Ofgem, Anthony Pygram has been appointed to the role of Independent Chairperson for the Grid Code and Connection and Use of System Code (CUSC) Panels. The Chair confirmed that Anthony will shadow the September Panel meeting and formally take over for the October Panel.

12929. The Chair expressed concerns about the number of Urgent modifications and Special CUSC Panels that have been happening recently. The Chair questioned if there was anything we could do better as a Panel to try and align with the monthly Panel meetings.

12930. Panel Members agreed that when Urgent modifications are raised there should be alignment with the monthly Panel meetings for the Proposals to be discussed, however some Panel Members noted that sometimes this is not always the case and Special Panel meetings do need to be convened so Panel are able to make their recommendation on Urgency.

5. Authority Decisions

12931. NH provided an update on Modifications that have been decided upon, together with those currently awaiting their decision.

Decisions since last CUSC Panel

12932. NH confirmed the following decisions have been made on CUSC Modifications since the last CUSC Panel.

Modification	Decision	Implementation Date
<u>CMP418</u> 'Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer'	On 04 August 2025 the Authority rejected the modification.	N/A
<u>CMP441</u> 'Reducing the credit risk of supplying non-embedded hydrogen Electrolysers'	On 28 July 2025 the Authority sent – back this modification.	N/A
<u>CMP450</u> 'Introducing the definition of Dynamic Reactive Compensation Equipment (DRCE) in the CUSC'	On 04 August 2025 the Authority rejected the modification.	N/A

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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
<u>CMP432</u> 'Improve "Locational Onshore Security Factor" for TNUoS Wider Tariffs'	15 May 2025	30 September 2025
<u>CMP444</u> 'Introducing a cap and floor to wider generation TNUoS charges'	28 March 2025	TBC
<u>CMP448</u> 'Introducing a Progression Commitment Fee to the Gate 2 Connections Queue'	04 July 2025	TBC

Other Updates

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12933. HH advised the Panel that since the publication of the REMA decision and open letter questions have been raised about the alignment between transmission charging, connections, and support for the SSEP. Ofgem is reviewing all decisions and proposals, particularly those that are sizeable, to determine how methodologies will look in the future and the extent to which decisions may need to be unwound. Ofgem are working through modifications with decisions and considering the processes and reforms needed.

6. New modifications

12934. One new modification was presented to the Panel.

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

12935. JT delivered a presentation on CMP457. JT explained that the rising cost of ORPS provision reflects the compensation rate for ORPS, being reflective of gas prices. The increasing shift away from gas to low carbon generation requires a re-evaluation of compensation principles rather than a simple updating of values. This update to the Connection and Use of System Code (CUSC) will incorporate the output from the ORPS project to introduce a fair and transparent payment methodology.

12936. Following Panel feedback at the Panel on 25 July 2025, the Proposer advised the Panel that the proposal form has been amended to include the following:

- Clarification on which Applicable CUSC Objectives the modification will be assessed against (Non – Charging)
- Updated the proposal form to remove any confusing wording and ensure clarity on the commercial aspects and payment methods.

12937. The Panel thanked the Proposer for making the amendments to the proposal form, noting that there is no clear solution proposed for CMP457, until the report has been published in September. Panel agreed it would be sensible for the Proposer to come to the October Panel to agree the governance route, timeline and Terms of Reference for CMP457. Panel also noted that this would allow industry sufficient time post the webinar on 25 September, to further digest the outcome of the report.

7. In flight modification updates

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CMP458: Prorating of Transmission Demand Residual Charges

12938. CG explained that this modification proposal seeks to change the way Demand Residual is billed and enable customers that consume for part of a year, to pay demand residual charges for only that part.

12939. CG advised the Panel that the Proposer withdrew their support for CMP458 due to receiving confirmation on how TNUoS Transmission Demand Residual (TDR) is billed to demand sites within the CUSC. In line with CUSC 8.16.10(c) a withdrawal window was opened on 19 August for 5 Business Days and no new Proposer's came forward. The Panel unanimously agreed that CMP458 can be formally withdrawn.

8. Workgroup Reports

12940. No Workgroup Reports were presented to the Panel.

9. Draft Final Modification Reports

12941. The following Draft Final Modification Report was presented to the Panel

CMP454 'CMP434/CMP435 Section 11 Changes

12942. CG advised the Panel that 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.

12943. CG confirmed that the Code Administrator Consultation was held between 03 July – 31 July 2025 and received two non – confidential responses. The key points to note were as follows:

- 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.

12944. The Panel considered the proposed amendment to the legal text and under 8.3.24

(i) agreed the changes were typographical and instructed the Code Administrator to make the change.

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12945. The Panel carried out their determination vote for CMP454. The Panel determined unanimously that the Proposer's solution better facilitate the CUSC Applicable Objectives. **(Post meeting note: The Appeals window opened on 11 September - 02 October 2025, with an implementation date of 07 October 2025).**

10. Discussion on Prioritisation

12946. The Panel held a deep dive of the Prioritisation Stack. To help this discussion, the Authority provided their current thinking on the relative priority rating of each CUSC modification proposal which will be published shortly.

12947. The CUSC Panel considered Ofgem's view on the prioritisation of CUSC Modifications and while taking into consideration the prioritisation criteria, the Panel acknowledged the complexity of governance and the importance of alignment with ongoing external policy developments and therefore considered a further prioritisation criteria which was External Policy design.

The Panel reviewed each Modification and the following is a summary of the outcomes:-

Modification	Panel Comments	Position in Prioritisation Stack
<u>CMP447</u> 'Follow on modification for CMP428'	Urgent modification so remains high on the prioritisation stack.	High
<u>CMP423</u> 'Generation Weighted Reference Node'	Modification remains as high priority. Noting that the Workgroup has concluded and the Report will be presented at the September Panel meeting.	High
<u>CMP440</u> 'Re-Introduction of Demand TNUoS Locational Signals by removal of the zero – price floor'	The Panel agreed that CMP440 should remain as a high priority modification due to the importance of what the modification is seeking to address.	High
<u>CMP417</u> 'Extending principles of CUSC Section 15 to all Users'	Modification remains as a high priority.	High
<u>CMP445</u> 'Pro -rating first year TNUoS for Generators'	Modification remains as high priority.	High

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<u>CMP453</u> 'To bill BSUs on a net basis at BSC Trading Units'	Modification remains as high priority. Noting that the Workgroup has concluded and the Report will be presented at the September Panel meeting.	High
<u>CMP414</u> 'CMP330/CMP374 Consequential Modification'	The Panel agreed that CMP414 should be placed high on the prioritisation stack due to the dependences with CMP330/CMP374 which are currently with the Authority for decision.	High
<u>CMP442</u> 'Introducing the option to fix Generator TNUoS'	The Panel considered CMP442 as a medium priority modification. This is due to its potential alignment with a new regime and the need to manage expectations on fixing options.	Medium
<u>CMP426</u> 'TNUoS charges for Transmission circuits identified for the HND as Onshore transmission'	The Panel agreed CMP426 should be placed as medium on the prioritisation stack due to allowing consideration of further impacts (such as SSEP and internal modelling by NESO).	Medium
<u>CMP433</u> 'Optimised Transmission Investment Cost Model (OpTIC)'	The Panel agreed that CMP433 remains a medium priority modification.	Medium
<u>CMP419</u> 'Generation Zoning Methodology review'	The Panel agreed this modification should be moved to a low priority on the stack.	Low
<u>CMP405</u> 'TNUoS Locational Demand Signals for Storage'	The Panel agreed that this modification should be placed as low on the stack due to the ongoing work by the storage sub- group.	Low
<u>CMP402</u> 'Introduction of Anticipatory Investment (AI) principles within the User Commitment Arrangements'	The Panel agreed that CMP402 should be placed low on the prioritisation stack as the proposal is underdeveloped with no commercial impact driving it. The Panel agreed to review this again and consider any industry feedback.	Low
<u>CMP288</u> 'Explicit charging arrangements'	The Panel agree for this modification to remain as low priority.	Low

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for customer delays and backfeeds'		
CMP304 'Improving the Enhanced Reactive Power Service by making it fit for purpose'	The Panel noted that the priority of CMP304 (and CMP305) may need to be adjusted, depending on where CMP457 is placed on the prioritisation stack. The Panel noted that it is important to understand the link between these modifications and ensure alignment from a competition and industry perspective.	Low
CMP328 'Connections Triggering Distribution Impact Assessment'	The Panel agreed that CMP328 should be place as a low modification.	Low
CMP341 'CUSC Sandbox: Enabling derogation from certain obligations to support small -scale trials of innovative propositions'	Modification remains as low priority.	Low
CMP441 'Reducing the credit risk of supplying non – embedded hydrogen electrolyzers'	The Panel acknowledged that CMP441 has recently been sent back by the Authority and note that a potential RFI (Request For Information) may be in scope to address the send back points, therefore Panel agreed that CMP441 should be placed as a low priority modification.	Low

Each quarter the CUSC Panel holds a more in-depth review of modification prioritisation. The next in-depth review is scheduled for the October 2025 Panel.

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

11. Standing Groups

Transmission Charging Methodology Forum (TCMF)

12948. DA informed Panel that TCMF was held on 07 August. The meeting materials can be found using the following link:

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<https://www.neso.energy/calendar/transmission-charging-methodologies-forum-tcmf-7-august-2025>

The next meeting will be held on 03 September.

12. European Updates

Joint European Stakeholder Group (JESG)

12949. GG confirmed that the JESG meeting was held on 09 September. The meeting materials can be found using the following link:

<https://www.neso.energy/calendar/joint-european-stakeholder-group-jesg-9-september-2025>

The next meeting will be held on 14 October.

13. Update on other Industry Codes

12950. The Panel papers and Headline Report for the following meetings can be found at the below links:

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

12951. CG provided the Panel with an update on CMP456. CG advised the Panel that there are on going discussions about the relationship between the Grid Code and CUSC in regard to Cost Recovery and ensuring that these modifications can proceed independently of each other. Previous discussions relating to previous modifications [CMP358](#): Implementation of the Small Generation Discount into the CUSC and [GC0156](#): Facilitating the Implementation of the Electricity System Restoration Standard were highlighted.

12952. CG stated that the proposal for CMP456 is still being updated, however she expects this to be formally submitted for the October Panel meeting.

12953. KH provided the Panel with an update on DCUSA modification [DCP461](#): Reducing the Impact of Transmission Distribution Charges Additionally, which could potentially have a consequential CUSC change. The Panel agreed that going forward updates on DCUSA should be included within the 'Industry Codes update' and KH agreed to provide this update going forward. The Code Administrator took an action to add this update into the slides. **ACTION KH**

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12954. RR confirmed that there were no updates for the BSC, however stated that Market-Wide Half-Hourly go live is scheduled for 22 September, with governance arrangements and market rules currently under consultation, with feedback expected in early October. The agenda will be amended to include updates on other codes.

14. Relevant Interruptions Claim Report

12955. No further updates for the Panel.

15. Governance

12956. No further updates for the Panel.

16. Horizon Scan

12957. CG presented the Horizon scan to the Panel. The Panel had no further comments on this.

17. Code Administrator Update

12958. No further updates for the Panel.

18. Any Other Business (AOB)

12959. KH advised the Panel that following previous discussions on CMP459, he has joined the CMP445 Workgroup. KH explained that the CMP445 Workgroup believes that CMP459 solution is out of scope, noting the Panel had a different view to this. KH sought confirmation from Panel on what the Governance Rules are in relation to this situation. The Panel agreed that in this situation it is the Chair of the Workgroup who ultimately needs to make that decision.

12960. There was also a discussion about the BEGA agreement, which has been paused for six months, and the need for clarity on its requirements. Additionally, a Panel Member also raised a discussion point in relation to Connection Charging and the NESO's legal team's funding within regulatory allowances, with Ofgem confirming that legal activities within the scope of funding would not increase TNUoS charges. DA took an action to clarify this with NESO legal. **ACTION DA**

Workgroup Reports

12961. CG advised the Panel that the Code Administrator held a meeting with a Grid Code Review Panel Member regarding feedback they had provided around the

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Workgroup Reports. CG confirmed that some minor amendments will be made to the Workgroup Reports and shared with the CUSC Panel for their approval before changes are implemented. JC also noted some proposed amendments to the Workgroup Reports and agreed to have a discussion offline with Code Admin.

19. Close

12962. The Chair thanked the Panel for their time and contributions and brought the meeting to a close.

The next CUSC Panel meeting will be held on 26 September.

New Modification Proposals to be submitted by 11 September.

CUSC Panel Papers Day is 18 September.