

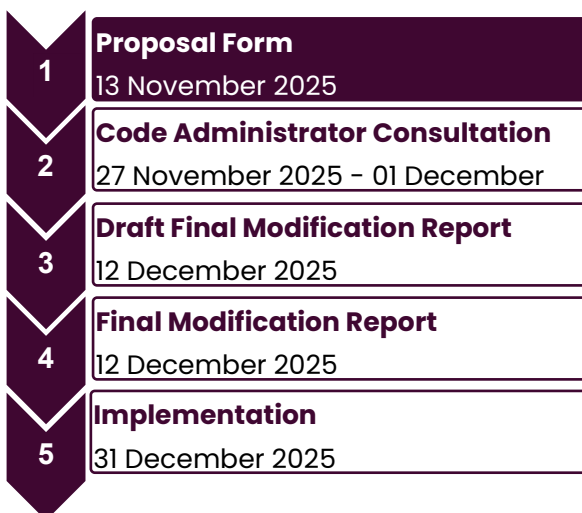
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CUSC Modification Proposal Form

CMP465: Construction Progression Milestones (M5- M8) Neutrality

Overview: Given the extension in the provision of the Gate 2 to Whole Queue (G2tWQ) Connections offers until 2026 (from the end of 2025), this proposal seeks to give affected Users the option to be placed back to the position they would have been (in terms of M5-M8 milestones only) had this extension not occurred.

Modification process & timetable



Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

This modification is expected to have a: Low impact on Generators and Demand

Proposer's recommendation of governance route	Urgent modification to proceed under a timetable agreed by the Authority (with an Authority decision)	
Who can I talk to about the change?	Proposer: Garth Graham Garth.graham@sse.com 01738 456000	Code Administrator Contact: cusc.team@neso.energy

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What is the issue?

Following NESO's timeline extension¹ to the delivery and issuing of the Gate 2 to Whole Queue (G2tWQ) offers; from the end of December 2025 into 2026; coupled with stakeholder feedback on this announcement (and its implications for them) at subsequent NESO Connection Reform stakeholder webinars², there is an issue that for Users this timeline extension may adversely affect one, or more, of their project Construction Progression Milestones (Milestone 5 to Milestone M8, 'M5-M8')³ to such a material extent that it could mean non-compliance with one, or more, of these Milestones.

If this was to occur, then in failing to comply with the relevant Milestone(s) there is a risk that the project's connection agreement is terminated by NESO.

This is a risk (arising from the timeline extension) that projects could not legitimately have expected when they were preparing (during the latter half of 2024 and early half of 2025) to enter the G2tWQ application process.

For the avoidance of doubt, this proposal does not change / affect any of the Conditional Progression Milestones (M1-M4)⁴.

Why change?

This simple change is intended to neutralise the effect, for projects, of the timeline extension that NESO announced in October 2025 which could (as currently notified by NESO) in some cases run to the end of September 2026 (from the end of December 2025).

It is intended to neither advantage nor disadvantage any relevant project – rather, it seeks to neutralise the situation by putting them back to the position they would have been had the G2tWQ offer been issued to them, by NESO, by the end of December 2025.

¹ [Connections Reform | National Energy System Operator](#)

² [Customer Connection events | National Energy System Operator](#)

³ These are summarised in Table 1 of the [Ofgem CMP376 decision letter](#)

⁴ As introduced into the CUSC, alongside the M5-M8 milestones, by [CMP376](#).

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Whilst the exercising of the right to terminate (for a project's non-compliance with a Construction Progression Milestone) resides with NESO⁵ this, for a project, is a material uncertainty risk^{6 7}.

Furthermore, it should be noted that even where a project does exercise the 'x' Business Days extension envisaged by this proposal it would not fetter the ability for the project to seek, from NESO, an extension of a particular Milestone (for the reasons envisaged when CMP376 was developed and these Milestones M5-M8 had a discretionary aspect included, whereas Milestones M1-M4 did not).

What is the Proposer's solution?

The solution is very simple.

The timeline extension in the delivery of the G2tWQ offer, by NESO, to each relevant project will be measured in Business Days ('x'⁸), with the clock starting from 1 January 2026 onwards and ending on the Business Day that the offer is received (by each individual project) from NESO.

Each project will be given the *option* to extend each of their four relevant Milestones (M5, M6, M7 and M8) by the same number ('x') of Business Days extension from when they legitimately expected to have received it (31 December 2025, at the latest) to when, in 2026, they actually receive their individual project specific G2tWQ offer.

In a simple, illustrative, example, if that G2tWQ offer was received by the User at the end of February 2026 then this would be 40 Business Days later than the end of December 2025; therefore, for that project only, the User would have the opportunity to formally notify NESO (within 28 calendar days⁹ from receiving that offer) that they wished to exercise the option to extend the M5 (or M6 or M7 or M8 or all four of these milestones or any combination thereof) by 40 ('x') Business Days.

For the avoidance of doubt, the project would not be obliged to exercise this *option* (it being 'optional' to do so) and could, therefore, simply not notify NESO within the 28 calendar days period (in which case this *option*, to extend the M5-M8 Milestones, would

⁵ As summarised by Ofgem at paragraph 2.18 of its CMP376 decision letter: *"In the case of 'Construction Progression Milestones' (M5-M8), ~~NGESO~~ [NESO] may terminate the connection contract – it being a matter for ~~NGESO~~[NESO]'s discretion."*

⁶ [Ofgem letter on new rules for the ESO to proactively manage the Connections Queue](#)

⁷ That NESO's discretion is (i) not exercised in the project's favour or (ii) for the full 'x' Business Days period.

⁸ This is shown as 'x' in the text to recognise that the actual time period would be project specific, depending on the issuing date of its G2tWQ offer by NESO, relative to 31 December 2025.

⁹ So, in this illustrative example, by the end of March 2026.

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lapse). The *option* would be a one off (and one-way¹⁰) opportunity for the relevant projects.

Draft legal text

Legal text for this change can be found in **Annex 1**.

What is the impact of this change?

This change will impact projects in receipt of a time extended Gate 2 to Whole Queue offer.

However, as the *practical effect* (of this change), if exercised by a project, is to *neutralise* the impact of the NESO's timeline extension; by ensuring that each project is neither advantaged nor disadvantaged by that timeline extension; there should be no material impact for those projects that exercise this option; as it seek to place them back to where they would have been (in terms of the M5-M8 Milestones) absent the timeline extension to the issuing of their project G2tWQ offer.

Notwithstanding that, even if there was to be a material impact (for a project) they would be alive to that impact and could, for example, therefore decide not to exercise this *option* (to seek an 'x' Business Days extension of one or more of the M5-M8 Milestones).

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*;	<p>Positive</p> <p>It ensures that NESO efficiently discharges its obligations with respect to the G2tWQ offers it issues by not needing to exercise its discretion for circumstances that arise not from a project's actions (or inactions) but</p>

¹⁰ Whereby the project could, if they wished, extend the Milestone(s) by 'x' Business Days; so in the illustrative example, by 40 Business Days; but could not (via the mechanism introduced by this proposal) then later revert back to the original Milestone date(s).

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	rather, from the actions of NESO.
(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 By ensuring that projects in receipt of a time extended G2tWQ offer have the option to avoid the risk /actuality of non-compliance with their M5-M8 Milestones (arising from the timeline extension), leading to their project being terminated by NESO, this proposal will ensure these projects remain within the connection queue and thus facilitate effective competition in the generation of electricity.
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	Neutral
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Neutral

* 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.

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When will this change take place?

Implementation date:

By 31 December 2026, ahead of the NESO's timeline extension for the G2tWQ offers coming into practical effect, in order to avoid the need for retrospective implementation.

Date decision required by

Ahead of 31 December 2026, ahead of the NESO's timeline extension for the G2tWQ offers coming into practical effect, in order to avoid the need for retrospective implementation.

Implementation approach

No system changes are envisaged.

Users would need an internal process to consider (within the 28-calendar day option exercise window) for each project if they wished to notify NESO of them requesting an 'x' Business Days extension for one or more of the M5-M8 project Milestones. NESO would need to ensure an internal process for receiving this notification, from Users, (within the 28-calendar day option exercise window) to extend one or more of the M5-M8 Milestones (for each specific project, as relevant) and then reflecting that extension (for the requisite 'x' Business Days) into the contractual framework for that project.

Proposer's justification for governance route

Governance route: Urgent modification to proceed under a timeline agreed by the Authority (with an Authority Decision)

Given that G2tWQ offers will start to be issued in Q1 2026 there is an *imminent issue* of needing to provide certainty to stakeholders (prior to the start of Q1 2026, so by 31 December 2025), if relevant for their project, that they can exercise an option to extend one (or more) of the M5-M8 milestones such that the *party is not in breach of their legal requirement* to comply with the relevant Milestone(s) as a result of the timeline extension (to the provision of the G2tWQ offers) that was introduced, by NESO, in October 2025 as this would be a *significant commercial impact on those parties*.

Interactions

<input type="checkbox"/> Grid Code	<input type="checkbox"/> BSC	<input type="checkbox"/> STC	<input type="checkbox"/> SQSS
<input type="checkbox"/> European Network Codes	<input type="checkbox"/> EBR Article 18 T&Cs ¹	<input checked="" type="checkbox"/> Other modifications	<input type="checkbox"/> Other

No interactions with any other codes are envisaged.

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Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
G2tWQ	Gate 2 to Whole Queue
GC	Grid Code
M1, M2, M3, M4,	The four Conditional Progression Milestones ¹¹ , where 'M' means 'Milestone'
M5, M6, M7, M8	The four Construction Progression Milestones ¹² where 'M' means 'Milestone'
NESO	National Energy System Operator
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions

Annexes

Annex	Information
Annex 1	CMP465 Legal Text

¹¹ These are summarised in Table 1 of the [Ofgem CMP376 decision letter](#)

¹² These are summarised in Table 1 of the [Ofgem CMP376 decision letter](#)