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Anthony Pygram
Independent Chair
CUSC & Grid Code Panel
National Energy System Operator
Faraday House, Gallows Hill,
Warwick,
CV34 6DA

Email: james.stone@ofgem.gov.uk

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Delivered by email.

Dear Anthony,

Connection and Use of System Code ('CUSC') Modification Proposal CMP456: 'Cost recovery for legacy plant in relation to GC0168' – decision on urgency

On 29 October 2025, RWE (the 'Proposer') raised CMP456[1] ('the Proposal'). The Proposer subsequently presented CMP456 to the CUSC Modifications Panel (the 'Panel') at its meeting on 12 December 2025, requesting that the Proposal be treated as an urgent CUSC Modification Proposal.

The Panel considered the Proposer's urgency request at its meeting on 12 December 2025. The Panel by majority agreed that CMP456 did not meet Ofgem's Code Modification Urgency Criteria[2] and thus recommended that the Proposal should not be treated as an urgent CUSC Modification Proposal. Following the Panel meeting, we[3] received a formal

[1] CMP456: Cost recovery for legacy plant in relation to GC0168
[2] https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0
[3] References to the "Authority", "Ofgem", "we", and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

request[4] from the Panel as to whether CMP456 should be treated as an urgent modification proposal.

We have considered both the Panel's and the Proposer's arguments. We have decided that CMP456 should not be progressed on an urgent basis. We set out our reasoning below.

Background

The National Energy System Operator ('NESO') performs system studies for both operational and planning purposes. These studies rely on technical modelling (including models provided by generators) to assess system behaviour and aim to ensure that the electricity transmission system remains secure, stable and reliable.

As the generation mix evolves, the network is transitioning from primarily large synchronous generation to a larger number of plants that connect to the grid through Electronic Power Converters (EPCs). This type of plant typically interacts with the network in a different way to that of older generation plant i.e. has different operating and performance characteristics.

On 5 March 2024, the NESO raised Grid Code Modification GC0168: 'Submission of Electromagnetic Transient (EMT) Models' which seeks to require certain users to provide the NESO with EMT models to allow it to assess system behaviour under a range of operating conditions including, system oscillations, inverter instability and voltage issues. While EMT models are typically developed for newer generation assets as part of the commissioning process, many existing transmission-connected generators were built under earlier technical standards and do not currently hold EMT models.

The Proposal

CMP456 seeks to amend the CUSC to ensure generators which may be required to provide EMT models retrospectively under GC0168 are able to recover these costs. The Proposer

[4] CMP456: Urgency request letter

has stated that without an express cost recovery mechanism older plant will be placed at a commercial disadvantage due to obligations from GC0168 but with no route to recover costs incurred.

Urgency Request

In its urgency request, the Proposer explained why it was requesting urgency, highlighting one of the three urgency criteria: (a) a significant commercial impact on parties, consumers or other stakeholder(s). The Proposer states that the cost of producing EMT models can be significant, with costs from original equipment manufacturers potentially exceeding £200,000 per Balancing Mechanism Unit ('BMU'). In their view the requirement to produce retrospective EMT models is likely to capture most, if not all Combined Cycle Gas Turbine (CCGT) power stations (representing around 31 BMUs that were constructed before EMT modelling requirements were in place.

The Proposer considers that, in the absence of an approved cost-recovery mechanism, these costs could create a significant commercial exposure for industry parties and, in certain circumstances, could call into question the viability of low merit order generation sites.

The Proposer states that EMT models are considered essential by NESO for accurate system modelling and operation and asserts that that progressing CMP456 on an urgent basis would enable the timely acquisition of these models, which would deliver wider societal benefits by supporting the operation of a stable and secure electricity system.

Panel View

The Panel considered the request for urgency by reference to Ofgem's Guidance on Code Modification Urgency Criteria. At its meeting on 12 December 2025 the Panel by majority agreed to recommend to Ofgem that CMP456 should not be progressed as an Urgent

Modification Proposal. The full arguments for and against urgent treatment are set out in the urgency request letter from the Panel.

Our decision

In reaching our decision on urgency we have considered the details within the Proposal, the justification for urgency, and the views of the Panel. We have also assessed the request against the urgency criteria set out in our published guidance and whether the Proposal is linked to an imminent or current issue that, if not urgently addressed, may cause a significant commercial impact on users.

We disagree with the Proposer that the Proposal meets the requirements set out in our urgency criteria. The Proposer claims that progressing CMP456 urgently is necessary to avoid a potential gap between the approval of GC0168 and the implementation of a cost recovery mechanism, during which existing generators may be required to develop EMT models at cost. However, these arguments do not necessarily establish any such gap or the existence of an imminent issue requiring urgent treatment, particularly as neither industry nor the Authority should assume approval of a modification prior to a decision being made.

We note from the information provided that the GC0168 Proposal (dated 5 March 2024) states that implementation will take place "10 working days after Ofgem Decision" and as such does not specify a firm implementation date should it be approved. GC0168 also remains in Workgroup stage and based on the current published timetable, the Final Modification Report (FMR) is not expected to be submitted to the Authority until June 2026 at the earliest, with the implementation date still to be confirmed and dependent on the final solution and Authority's decision. On this basis, it is not clear that CMP456 should be progressed urgently to align with GC0168, or that there is an imminent risk that generators will incur EMT model costs before CMP456 could conclude via a standard timetable.

Although the Proposer states there is a significant cost exposure to industry parties should CMP456 not proceed on an urgent basis, the materiality of this commercial impact has not been sufficiently quantified or evidenced. The justification instead relies on general statements of potential exposure without supporting analysis being provided and as such it has not been demonstrated that significant commercial impact would arise specifically as a result of the Proposal following the standard timeline.

We have also considered whether the issue raised in the Proposal was foreseeable. Evaluating whether the Proposal could have been raised sooner and without the need for the urgency process helps us understand whether a matter is truly urgent. We note from the information provided that the need for a CUSC modification was identified during the GC0168 Workgroup consultation, indicating that the interaction with the CUSC and requirement for a further potential cost recovery modification was recognised at a very early stage. We consider that the Proposer could have therefore raised this code modification Proposal at the very least in June 2025, potentially negating the need for a request for urgency, and that the circumstances presented as requiring urgent treatment arise from the Proposer's actions rather than from an inherent urgency in the issue itself.

We therefore do not consider that we should grant the Proposal urgency and that the modification should instead follow the standard timetable set out in the Panel's letter.

For the avoidance of doubt, in rejecting the request for urgency, we have made no assessment of the merits of the Proposal and nothing in this letter in any way fetters our discretion in respect of the Proposal.

Yours sincerely,

James Stone
Head of Electricity Network Charging
Energy Systems Management and Security
Duly authorised on behalf of the Authority