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Workgroup Consultation Response Proforma

CMP417: Extending principles of CUSC Section 15 to all Users

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to usc.team@neso.energy <mailto:grid.code@neso.energy> by **5pm** on **06 February 2026**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact usc.team@neso.energy.

Respondent details	Please enter your details	
Respondent name:	Matthew Paige-Stimson	
Company name:	National Grid Electricity Transmission plc	
Email address:	matthew.paige-stimson@nationalgrid.com	
Phone number:	Click or tap here to enter text.	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input checked="" type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

(Please mark the relevant box)

☒ **Non-Confidential** (this will be shared with industry and the Panel for further consideration)

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Panel or the industry for further consideration)

For reference the Applicable CUSC (non-charging) Objectives are:

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;
- 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;

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- iii. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and*
- iv. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

** 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.*

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

- a) *fostering effective competition, non-discrimination and transparency in balancing markets;*
- b) *enhancing efficiency of balancing as well as efficiency of national balancing markets;*
- c) *integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;*
- d) *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;*
- e) *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;*
- f) *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;*
- g) *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.*

What is the EBR?

The Electricity Balancing Regulation (EBR) is a European Network Code introduced by the Third Energy Package European legislation in late 2017. The EBR regulation lays down the rules for the integration of balancing markets in Europe, with the objectives of enhancing Europe's security of supply. The EBR aims to do this through harmonisation of electricity balancing rules and facilitating the exchange of balancing resources between European Transmission System Operators (TSOs). Article 18 of the EBR states that TSOs such as the NESO should have terms and conditions developed for balancing services, which are submitted and approved by Ofgem.

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Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions				
1	Do you believe that the Original Proposal and/or any potential alternatives better facilitate the Applicable Objectives versus the current baseline?	<p>Mark the Objectives which you believe original Solution better facilitates than the current baseline:</p> <table border="1"> <tr> <td>Original</td> <td> <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None </td> </tr> </table> <p>Original</p> <p>We agree that the Original could better meet the Applicable Objectives for connecting demand users, but there are material behavioural consequences and broader impacts on:</p> <ul style="list-style-type: none"> - increased demand queue length, against a lower percentage of completed connections, and - reduced efficiency of system investment and development, and - increased consumer exposure to higher volumes of Demand User terminations. <p>While the focus of this change is to support demand connections and equitable treatment across all customer types, this proposal should not be implemented in isolation of the wider strategic demand connections reform. Our reasons behind this view are outlined in the question below and reflected throughout our response.</p> <p>Regarding Objective i: We are concerned that consumer protection from speculative demand terminations is potentially considerable and on balance we believe the proposal does not equitably improve on the baseline.</p> <p>Our concerns are also reflected in Ofgem's views from their 'Demand Connections Update' November 2025¹ that efficient system development and reinforcement require a holistic view of strategically needed and viable demand projects.</p> <p>In contrast, the implementation of this proposal in isolation risks longer demand connection queues and a higher volume of speculative applications ('zombie' projects). Demand applications do not yet have to meet Connection Reform's gated criteria for offers</p>	Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
Original	<input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None			

¹ <https://www.ofgem.gov.uk/guidance/demand-connections-update>

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		<p>to be made nor are subject to strategically designated siting. These factors create additional likelihood of consumers bearing an increased financial burden, both from demand terminations and from exposure to increased and less efficient system development.</p> <p>We assess the proposal's impact against Objective ii to be neutral, given there is no explicit "competitive market" for demand that could be improved by the proposal.</p> <p>We believe Objective iv is better met as the proposal simplifies administration to a common basis across all connecting projects, by aligning securities across generation and demand.</p> <p>There are also some corrections to the proposed legal text required to give the proper intended effect to the proposal and we note these under Q5.</p>
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>The window for implementation is too short and further elaboration is required from NESO as to how it proposes to revise existing offers. For example CMP192 had a 12 month implementation period at a time when there was by order of magnitude far fewer connection offers to revise.</p> <p>Instead, we suggest that any implementation could be efficiently combined with Gate 2 Connections Reform windows (and related Offer issuance) so that changes to legacy agreements and new offers can be done in a way that minimises the risk of rework from this proposal.</p> <p>The current proposal suggests:</p> <ul style="list-style-type: none"> - October/November 2026 approval, and - 8th January 2027 deadline for TO securities data provision to NESO. <p>Accounting for wider work and any potential contingency, 3 months (maximum Oct to Jan 8th window) is not realistic as we believe user's</p>

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		<p>BCAs and TO construction agreements will need to be amended. We do not consider that implementation can be limited to revising data provided within the 6-monthly securities processes alone.</p> <p>NESO estimate that ~177 projects would require contractual changes as a result of this modification. This would need to include:</p> <ul style="list-style-type: none"> - changes to TO construction agreements, specifically the Transmission Reinforcement Works and the User Commitment schedules. - consequential NESO BCA amendments, and - user acceptance time. <p>These changes will require specific and distinct attention, and does not include work to deliver Connections Reform, and changes needed to internal processes that govern BAU Construction Agreements and Offers impacted by this change. While we are optimistic we can meet the scale of this challenge, and part of these challenges may be resolved while we manage connection reform re-offers, it is important that deadlines are realistic and match the scale of the challenge.</p> <p>Given the scale of work a more achievable implementation date should be considered. We suggest that any implementation could be efficiently combined with Gate 2 Connections Reform windows (and related Offer issuance) so that changes to legacy agreements and new offers can be done in a way that minimises the risk of rework from this proposal.</p>
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3	Do you have any other comments?	<p>Whilst the proposal intends a more equitable policy across all user types, the approach has not fully considered the practical implications. In the near term the proposal's main beneficiaries (by MW and number) will be the 100+ users with signed offers for data centres. In England and Wales, data centres represent approximately 77% of the non-DNO application queue and 47% of non-DNO MWs). The data sector is inherently more speculative in nature and location, when compared to all other applicant demand types (DNO and Rail/Steel/Hydrogen/Factories, the latter four being more certain of location, less speculative and inherently with more self-limited volume).</p> <p>Ideally, given Ofgem concerns set out in their Demand Connections Update, implementation should be in co-ordination with other reforms that limit speculative development risk, manage demand queue length, optimise investment, minimise demand user churn and reduce consumer risk. Some of those key controls are listed below:</p> <ul style="list-style-type: none"> • The removal and prevention of speculative demand projects, such as by extension of Connections Reform gated application and Progression Commitment Fee arrangements to Demand. • Regulatory reform to enable the Connections Accelerator Service (and broader demand) • Clarifying role of strategic planning for demand • Regulatory reforms for designated strategic network investment: • Understanding how the Planning & Infrastructure Act will be used to designate projects as strategic
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4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/> No <p>Click or tap here to enter text.</p>
5	Does the draft legal text satisfy the intent of the modification?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>There is a manifest error in drafting as directly connected Distribution Systems are not included in the legal text, as was intended, in place of Final Sums method applying to DNOs that is being removed.</p> <p>We do not believe it was the proposal's intent or NESO's intent for directly connected DNOs to have no securities obligations in respect of transmission works they require and that this is a drafting error only.</p> <ol style="list-style-type: none"> 1. Schedule 11 needs to include a defined user type of "Directly Connected DNO" or similar, meaning " a User Distribution System directly connected to the National Electricity Transmission System", so that DNOs as CUSC Users are bound by demand security arrangements in place of User Final Sums. 2. Schedule 11 needs inclusion of "Directly Connected DNO" or similar within the "Attributable Works" definition. 3. "Directly Connected DNO" or similar may consequently need to be included in all the relevant CUSC clauses to apply the demand securities methodology upon operators of directly connected distribution systems as necessary to given the intended effect.

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6	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Click or tap here to enter text.</p>
7	Do you support the inclusion of wider cancellation liability for Demand projects? (please provide details in your response)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Demand drives Wider Works by causing the increased need to "draw" more remotely generated power to the demand Users' premises, more so with large industrial demand.</p> <p>As such there is shared causation of Wider Works, needed and driven by both demand and supply, for electrical energy to be received at end points of consumption. It is therefore appropriate that Demand projects are liable for the Wider Cancellation Charge.</p>

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8	Do any parts of the solution require additional clarification?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9	Is it clear how the Demand Capacity figure should be calculated and provided to NESO?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>In the case of directly connected Distribution Systems, we believe Demand Capability should be a GSP Demand Capability that the DNO deems efficient to request given its licence obligations.</p> <p>Given the dynamic DNO management of a distribution systems and its mix of embedded generation and embedded demand, what a DNO needs as GSP MW Demand Capability will be different (greater or larger) than the MW Import required by a specific embedded demand user premises, for example the DNO could seek upgrades of a higher capability to permit efficient forward user growth through more optimised asset life and investment.</p> <p>Contractually tying a DNO's Demand Capacity requirements directly and so strongly to an individual embedded demand customer's requirements would be inappropriate.</p>
10	Do you believe any projects could be adversely impacted by this proposal?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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11	Do you agree with the proposal to have one security statement for hybrid sites (combined generation and demand), and do you see this posing any potential issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>As a connected User has one Bilateral Connection Agreement (BCA) with NESO for each specific Connection Site, it is entirely appropriate that the one BCA deals effectively and comprehensively with the entirety of the User's connection and access requirements.</p> <p>The proposer has set out a method for applying securities once for Users whose specific Connection Site BCA entails both Generate and Final Demand modes of operation. We believe that the proposer's method will be fully effective in managing any permutations of exit or entry mode of operation given the complete alignment of securities across both modes of operation by a given Connection Site.</p>
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