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CUSC Modification Proposal Form

CMP472: Large Embedded Generators Original Red Line Boundary Sharing Without Customer Consent

Overview: This proposal seeks to introduce a new clause in Section 17 of the Connection and Use of System Code (CUSC) to permit the National Energy System Operator (NESO) to share the Original Red Line Boundary (ORLB) submitted by Large Embedded Generators (LEGs) with the relevant Distribution Network Operators (DNOs) without requiring explicit customer consent.

This change enables DNOs to independently and consistently verify distribution contract validity for LEGs applying for Gate 2 offers, ensuring that only projects with compliant and valid distribution arrangements progress through the gated connections process.

Modification process & timetable

1. **Proposal Form**
   09 April 2026
2. **Code Administrator Consultation**
   27 April 2026 - 19 May 2026
3. **Draft Final Modification Report**
   18 June 2026
4. **Final Modification Report**
   07 July 2026
5. **Implementation**
   10 BD following Authority Decision

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
Large Embedded Generators

Proposer's recommendation of governance route	Standard Governance modification to proceed to Code Administrator Consultation	
Who can I talk to about the change?	**Proposer:** Muki Liu Muki.liu@neso.energy 07709840676	**Code Administrator Contact:** Cusc.team@neso.energy

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What is the issue?

Under CUSC 17.7.3.1, Large Embedded Generators (LEGs) applying for a Gate 2 offer must submit their Original Red Line Boundary (ORLB) to NESO. While DNOs remain responsible for distribution-side connection compliance and contract validity, they do not automatically receive the ORLB information submitted to NESO.

At present, NESO may only share ORLB data with DNOs where customer consent has been provided. Where consent is not given, this creates a structure gap whereby DNOs are unable to:

- verify whether the ORLB submitted to NESO aligns with their distribution records; or
- confirm whether any changes to the ORLB remain within allowable limits under the Distribution Connection Agreement.

This creates a material risk that projects with invalid or non-compliant distribution contracts could continue through the Gate 2 process. As a result, the LEGs or DNOs would only become aware of non-compliant distribution contacts at a later stage—through contract issuance and DNO studies. This will create inefficiency and avoidable waste in the process.

Why change?

For LEGs to be eligible for a Gate 2 offer, they must hold a valid Distribution Connection Agreement. DNOs are therefore required to assess ORLB data to confirm:

- consistency between the ORLB held by the DNO and the ORLB submitted to NESO; and
- that any ORLB changes proposed by the applicant remain within allowable limits.

However, under the current CUSC framework, where customer consent is withheld:

- DNOs cannot complete these checks;
- NESO may progress projects that ultimately fail distribution compliance; and
- Significant network design, assessment, and queue management effort may be undertaken unnecessarily.

This creates:

- unfair and inconsistent treatment between applicants;

- inefficiency in the gated design process; and
- avoidable diversion of NESO, Transmission Owners (TOs), and DNO resources.

Early identification of ORLB inconsistencies allows ineligible projects to be removed from the Gate 2 process before queue formation, ensuring capacity and resource are directed toward projects that are ready and compliant.

Benefits and impacts of the proposal

This modification proposal is expected to have a low impact on LEGs. It would apply only to future connections and would have no impact on projects that are already connected.

In addition, the introduction of permitted capacity requirements for generation means that the number of LEGs able to apply for a Gate 2 offer under the capacity allowance by technology would be lower than under the Gate 2 to Whole Queue Process, under which 239 LEGs secured Gate 2 offers.

The proposal is expected to have a positive impact on NESO, TOs and DNOs, namely:

- Efficiency and resource optimisation

1. Enables early removal of projects holding invalid distribution contracts, avoiding unnecessary network design and assessment work.
2. Allows NESO and TOs to better forecast and allocate resources during and after application window closure.

- Fairness and consistency

1. Ensures equal treatment of transmission-connected and embedded applicants.
2. Prevents compliant distribution customers from being disadvantaged by projects that cannot ultimately connect.

- Queue confidence and system planning

1. Supports a more accurate and robust gated design process.
2. Enables a clearer view of deliverable capacity aligned with Clean Power 2030 objectives.

- Legal clarity and dispute avoidance

1. Explicitly codifying ORLB data sharing in the legally binding CUSC reduces ambiguity and limits the potential for customer dispute.

2. Avoids avoidable regulatory and legal resource diversion for NESO and industry parties.

- Contribution to fair and effective market competition

1. Sharing LEG ORLB data is essential to ensuring that only Gate 2-compliant projects progress, enabling effective delivery of Connections Reform and supporting fair and effective competition in electricity generation and supply.

April Transmission Charging Methodologies Forum (TCMF) Feedback and the Proposer's response

1. Why CUSC is the appropriate vehicle

At the April TCMF, feedback from industry participants suggested alternative routes for this modification proposal. The following alternative solutions were considered but discounted.

- Connections application forms cannot create legally binding data-sharing rights and would make ORLB sharing voluntary, undermining consistency.
- The Grid Code is not the appropriate instrument for governing gated application data requirements, which are set out in CUSC Section 17.
- Technical data submission documents do not have contractual force and cannot override the consent requirements implied under the current CUSC drafting.

A CUSC modification is therefore the only mechanism that can provide the necessary legal clarity and enforceability.

2. Overall feedback

April TCMF members were supportive of the proposal, with explicit industry support for NESO sharing ORLB data with the relevant DNOs.

While commercial sensitivity of customer data has been raised in other modification workstreams, ORLB information remains confidential and subject to appropriate data-handling controls by both NESO and DNOs. The proposed sharing of LEG ORLB data is proportionate, necessary, and limited to enabling Gate 2 compliance checks.

What is the Proposer's solution?

Introduce a new clause in CUSC Section 17 to explicitly permit NESO to share ORLB data submitted by LEGs with the relevant DNOs without requiring customer consent, solely for the purpose of verifying ongoing distribution contract compliance.

Draft legal text

CUSC 17.7.3.3

The Original Red Line Boundary submitted by a Large Embedded Power Station as part of a Gate 2 Application or Gated Modification Application shall be shared by the Company with the relevant Distribution Network Operator for the purpose of verifying continued compliance with Distribution system connection requirements.

What is the impact of this change?

Proposer's assessment against CUSC Connection Charging Objectives	
Relevant Objective	**Identified impact**
(a) means the Use of System Charging Objectives, as if references therein to the Use of System Charging Methodology were to the Connection Charging Methodology and in addition, the objective (where consistent with the other objectives) of facilitating competition in the carrying out of works for connection to the National Electricity Transmission System.	**Neutral**

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*;	**Positive** The proposal improves NESO's ability to discharge its obligations efficiently

	by ensuring only Gate-compliant projects progress through the connections process. This supports a more coordinated, economic, and efficient transmission system, reducing unnecessary network build and costs ultimately borne by consumers.
(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 scarce network capacity is allocated only to projects that meet Gate 2 and distribution compliance requirements, the modification promotes fair competition and reduces speculative queue occupancy, increasing confidence for investors and delivery-ready projects.
(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.	**Positive** The proposal directly supports the efficient administration of CUSC

	arrangements by reducing avoidable work, streamlining the gated design process, and focusing NESO and TO effort on projects most progressed and needed by the system.

** See Electricity System Operator Licence*

***The Electricity Regulation referred to in objective (c) 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.*

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories	
Stakeholder / consumer benefit categories	**Identified impact**
Improved safety and reliability of the system	**Positive** The proposal will promote the efficiency of the implementation of the Connections Reform, which supports accelerated decarbonisation by connecting projects that are ready and needed. This will increasingly insulate GB electricity consumers from the future risk of further fossil fuel driven price spikes, enhances security of supply and contributes towards sustainable development.
Lower bills than would otherwise be the case	**Positive** As part of the Connections Reform package, the proposal enables rapid and efficient decarbonisation of the energy system. It helps avoid unnecessary

	network overbuild and associated costs to consumers, by focusing network investment on projects that are demonstrably ready and needed to deliver Clean Power 2030 and a clean, secure and affordable energy system.
Benefits for society as a whole	**Positive** As part of the Connections Reform package, this proposal improves quality of service for end consumers by enabling more efficient interactions across the industry value chain. By focusing connections on ready projects needed for Clean Power 2030, it supports timely delivery, avoids unnecessary network overbuild, and reduces costs ultimately borne by consumers.
Reduced environmental damage	**Positive** The proposal supports a more efficient and fairer implementation of the Connections Reform package. It will protect the interests of consumers (both current and future) which includes their interests in the Secretary of State's compliance with the duties in sections 1 and 4(1)(b) of the Climate Change Act 2008 (net zero target for 2050 and five-year carbon budgets).
Improved quality of service	**Positive** By facilitating the implementation of Connections Reform, this proposal will also help secure a diverse and long-term energy supply (less reliant on fossil fuels) and promote economic growth, e.g. through enabling timely connections for more projects.

When will this change take place?

Implementation date:

10 Business Days following an Authority Decision.

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Date decision required by

As soon as practical.

Implementation approach

Once the code change is approved, an acknowledgement will be added to the form of Gated Applications and Gated Modification Applications, where LEG applicants would be informed that their ORLB submitted to NESO will be shared with respective DNOs as part of the Distribution compliance.

Proposer's justification for governance route

Governance route: Standard Governance modification to proceed to Code Administrator Consultation

This proposal is procedural, targeted, and clearly defined, with a fully developed solution that does not require further industry design work in the Working Group. It does not alter charging methodologies, prejudice competition, or introduce material consumer detriment.

Given the need for legally binding clarity and the relevance to gate compliance, a Standard Governance route progressing to Code Administrator Consultation is appropriate and proportionate.

Interactions

☒CUSC	☐BSC	☐STC	☐SQSS
☐European Network Codes	☐ EBR Article 18 T&Cs[1]	☐Other modifications	☐Other

This proposal is an effort in facilitating the effective implementation of the Connections Reform package (CMP434: Implementing Connections Reform). No interactions with other Code and regulations were identified.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CUSC	Connection and Use of System Code
DNOs	Distribution Network Operators
EBR	Electricity Balancing Regulation
GC	Grid Code
LEGs	Large Embedded Generators
NESO	National Energy System Operator
ORLB	Original Red Line Boundary
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
TCMF	Transmission Charging Methodologies Forum
TOs	Transmission Owners
T&Cs	Terms and Conditions

Reference material

- None

Annexes

Annexes	
Annex 01	CMP472 Legal text