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CUSC Modification Proposal Form																
<h2>CMP471: Interim Contract Variation Process Ahead of CMP434 Gated Application Window</h2> <p>Overview: This modification proposes a temporary, limited amendment to the CUSC allowing Users to adjust elements of their NESO contracts before the first <u>CMP434</u> Gated Application Window.</p>		<h3>Modification process & timetable</h3> <table border="1"> <tr> <td>1</td> <td>Proposal Form 24 April 2026</td> </tr> <tr> <td>2</td> <td>Workgroup Consultation 26 May 2026 – 01 June 2026</td> </tr> <tr> <td>3</td> <td>Workgroup Report 19 June 2026</td> </tr> <tr> <td>4</td> <td>Code Administrator Consultation 23 June 2026 – 30 June 2026</td> </tr> <tr> <td>5</td> <td>Draft Final Modification Report 10 July 2026</td> </tr> <tr> <td>6</td> <td>Final Modification Report 10 July 2026</td> </tr> <tr> <td>7</td> <td>Implementation 31 July 2026</td> </tr> </table>	1	Proposal Form 24 April 2026	2	Workgroup Consultation 26 May 2026 – 01 June 2026	3	Workgroup Report 19 June 2026	4	Code Administrator Consultation 23 June 2026 – 30 June 2026	5	Draft Final Modification Report 10 July 2026	6	Final Modification Report 10 July 2026	7	Implementation 31 July 2026
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<p>Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.</p>																
<p>This modification is expected to have a: High impact Generators, Transmission Owners, NESO</p>																
<p>Proposer's recommendation of governance route Urgent modification to proceed under a timetable agreed by the Authority (with an Authority decision)</p>		<p>Modification Category CUSC Non-Charging Objectives</p>														
<p>Who can I talk to about the change?</p>	<p>Proposer: Matthew Dowds matthew.dowds@muirhallenergy.co.uk</p>	<p>Code Administrator Contact: Cusc.team@neso.energy</p>														

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What is the issue?

On 29 January 2025, grid connection applications to National Energy System Operator (NESO) were paused pending the implementation of Connections Reform. Users were provided with only two weeks' notice of this pause and were required to confirm clock start positions by 12 February 2025.

The pause applied to all Transmission connection activity, including both new applications and modifications to existing agreements. While this measure was intended to stabilise the connections queue and enable Transmission Owners (TOs) to prepare for the reformed process, it has had consequential impacts on Users' ability to manage their contracted positions.

G2TWQ Plan

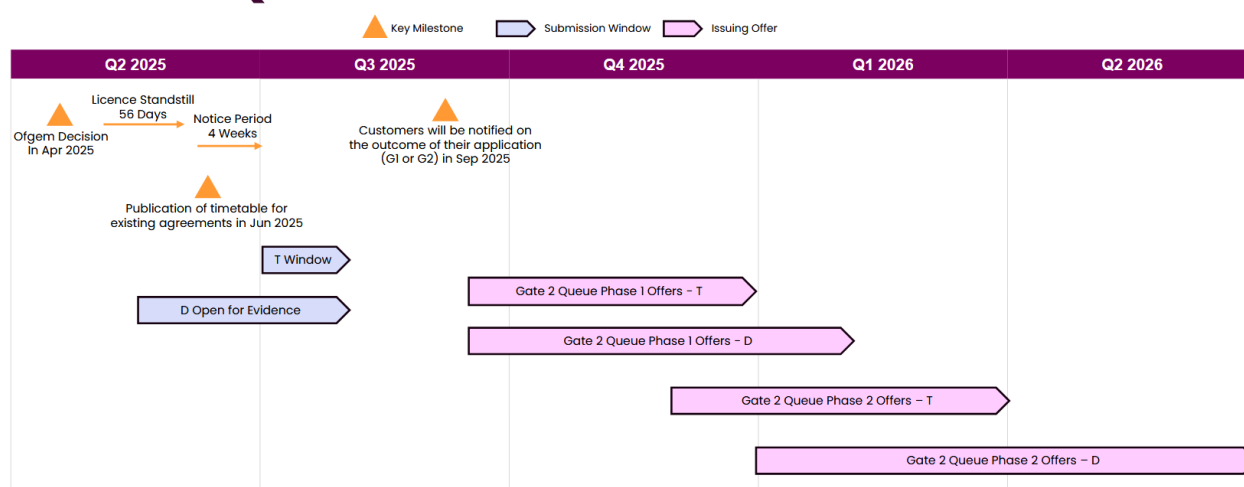


Figure 1: Gate 2 to Whole Queue Plan from NESO in May 2025 [1]

At the time of implementation, the Gate 2 to Whole Queue (G2tWQ) process was expected to return Phase 1 projects by the end of 2025, with the full Connections Reform programme concluding by Q2 2026. However, due to delays and the inherent complexity of delivering the reform, completion is now anticipated in April 2027.

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Connections Reform Timeline*

This page is interactive. Click the + to expand or enlarge content.

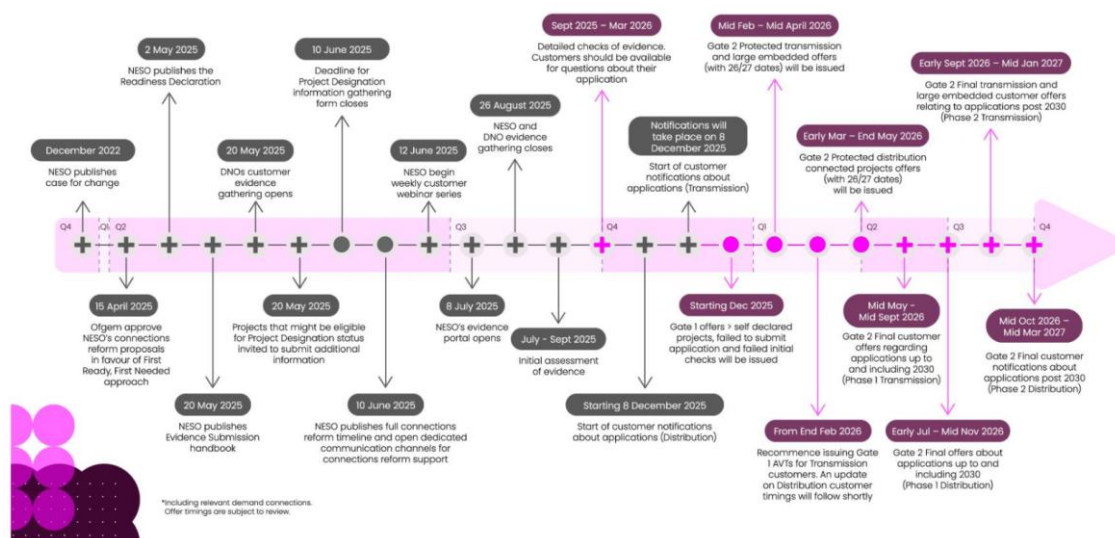


Figure 2: Connections Reform Timeline from NESO in February 2026 [2]

As a result, Users face an extended period of approximately 30 months during which they are unable to amend their connection agreements. During this time, project delivery timelines continue to evolve, creating increasing misalignment between contracted connection dates and realistic project programmes.

This misalignment introduces inefficiencies and exposes Users to contractual positions that do not reflect deliverable timelines, with limited ability to mitigate associated risks.

NESO is currently considering whether an interim application window may be introduced ahead of the completion of Connections Reform; however, no such mechanism is currently available.

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Setting the timing for the next window

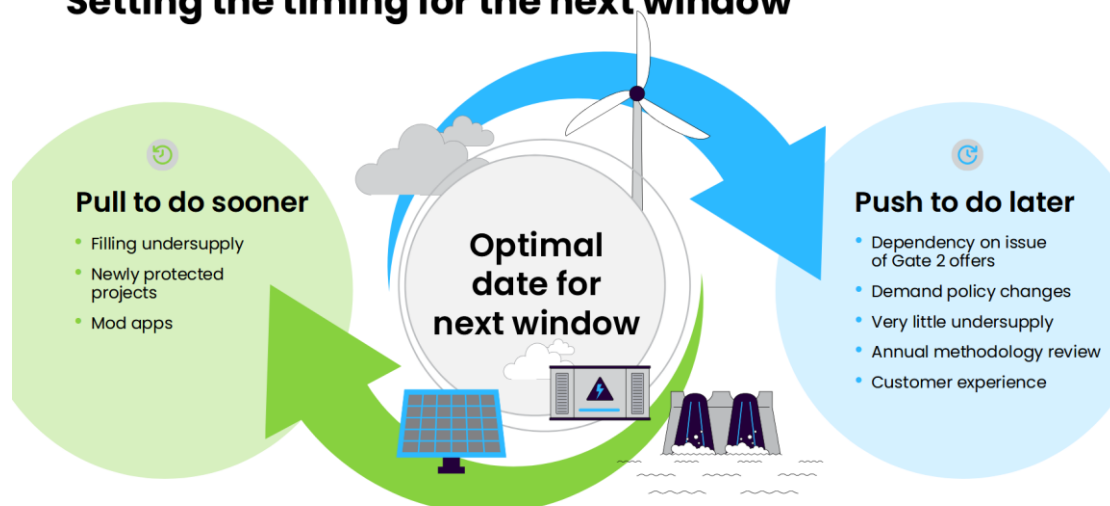


Figure 3: NESO considerations for next Gate Window [2]

In February 2026, NESO confirmed that a limited set of contractual changes to Gate 2 offers would be permitted, including capacity reductions, removal of technology types, novation, administrative updates, and termination.

While these changes are welcomed, no provision has been made to allow Users to delay connection dates, despite this being a key driver of contractual misalignment and associated cost exposure.

Why change?

With Connections Reform now expected to conclude in April 2027, followed by a period to stabilise the queue, Users face an extended period of approximately 30 months during which they are unable to amend their contracted connection dates with NESO.

During this time, project delivery timelines continue to evolve, resulting in increasing misalignment between contracted connection dates and realistic project programmes. The inability to make timely adjustments creates inefficiencies for both Users and NESO, including the need for multiple subsequent contract variations that could otherwise be incorporated within a Gate 2 Offer.

This issue is widespread. In February 2026, Ofgem confirmed that 62% of protected 2026/27 projects are affected by network-driven connection date delays [3]. In addition,

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TOs are required to offer the earliest possible connection date, even where this results in projects operating under significant export constraints. This further increases the risk of contractual misalignment.

Misalignment between contracted and deliverable connection dates exposes Users to disproportionate costs, most notably in relation to Capital Contributions and Security Liabilities.

In respect of Capital Contributions, Users may be required to make payments based on contracted connection dates that no longer reflect realistic project delivery timelines. Where projects are delayed, this can result in capital expenditure being incurred earlier than necessary, before connection assets are required.

Ofgem's analysis indicates that 62% of protected 2026/27 projects are expected to be delayed. As a result, a significant proportion of Users may be making Capital Contribution payments against delivery profiles that are no longer aligned with their projects. This issue is not limited to early-phase projects, and it is expected that projects across the 2027–2030 period will also face payment profiles that do not reflect their anticipated connection dates.

This risk is most acute in relation to liability profiles. While securities are fixed prior to Gate 2 acceptance, liabilities continue to progress against the contracted connection date. As a result, Users may be required to enter higher liability periods despite known delays to project delivery. Once a liability milestone is reached, Users cannot revert to a previous position, removing an important element of risk management.

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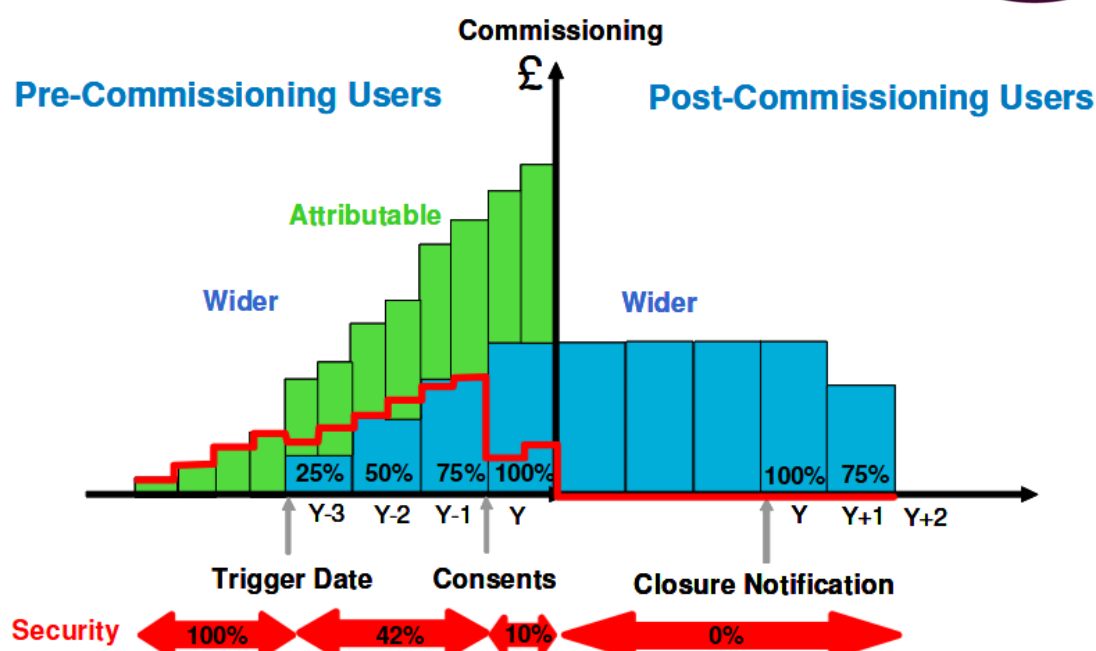


Figure 4: Illustration of Fixed Liability Profile [4]

The next liability trigger date is 01 April 2027. There is currently no mechanism for Users to delay connection dates ahead of this milestone, meaning Users may be exposed to increased liabilities that do not reflect deliverable project timelines. This outcome was not anticipated at the start of Connections Reform, when it was expected that the first CMP434 Gated Application Window would open prior to this trigger date.

The inability to amend connection dates therefore results in avoidable inefficiencies, increased cost exposure, and reduced certainty for project development. A targeted mechanism to allow connection date delays is required to address these issues.

What is the Proposer's solution?

The proposal is to amend Sections 17 and 18 of the CUSC to introduce a limited, time-bound Connection Date Variation Process ahead of the first CMP434 Gated Application Window.

This process would allow Users to request a delay to their contracted connection date during the interim period, without the need to submit a full Gated Application.

The proposed variation would be implemented using existing contractual mechanisms within the NESO connections process, consistent with those currently used to permit defined changes to Gate 2 offers, including:

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- Request a decrease of Connection Entry Capacity (CEC), Transmission Entry Capacity (TEC), Developer Capacity, Demand MW or Installed Capacity
- Remove a tech type
- Novation
- Address details or admin changes
- Terminate

To ensure the process remains proportionate and does not impact network planning, eligibility would be restricted to Users who have received confirmation that they are expected to receive a Gate 2 Offer. Only connection date delays would be permitted, and no changes that increase system impact would be allowed.

All variations must be agreed prior to the first CMP434 Gated Application Window and will be reflected in any subsequent Gate 2 Application and Offer.

This approach provides a targeted interim solution that improves alignment between contractual positions and project delivery timelines, while minimising impacts on NESO and Transmission Owners during the ongoing Connections Reform process.

To ensure the variation is captured within the existing process, connection date delays should be implemented through the standard mechanisms available ahead of the first CMP434 Gated Application Window.

Where Users are unable to utilise this process within that timeframe, a time-limited facility will be made available to submit a request to NESO for a connection date delay, up to September 2026. This ensures that all eligible Users have a reasonable opportunity to align their contractual connection dates ahead of the relevant liability trigger period.

Draft legal text

The Proposal will introduce text in 'Section 17 – Application and Offer Process and 'Section 18 – Gated Process for Project with Existing Agreements'. This can be agreed at the working group.

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What is the impact of this change?

Anticipated high impact on Generators, Transmission Owners and NESO.

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>The modification supports the efficient discharge of NESO's licence obligations by improving the alignment between Users' contractual positions and deliverable project parameters ahead of the Gated Application Window.</p> <p>By expanding the allowable Gate 2 offer adjustments, the proposal reduces the need for multiple post-Gate 2 contract acceptance variations and associated administrative processes. This improves the efficiency and effectiveness of the connection's framework during the transition to Connections Reform.</p>
(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;	<p>Positive</p> <p>The modification facilitates effective competition by ensuring that Users enter the Gate 2 process based on accurate and current project assumptions.</p> <p>In the absence of this change, Users may face distorted incentives due to outdated contractual positions and associated liabilities, which could influence decisions to accept or reject Gate 2 Offers.</p> <p>By improving alignment between contractual arrangements and project readiness, the proposal</p>

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	supports a more level and efficient competitive environment.
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	<p>Neutral</p> <p>The modification does not materially impact compliance with the Electricity Regulation or any relevant legally binding decisions.</p> <p>It introduces a procedural adjustment within the existing CUSC framework and does not affect cross-border trade, market coupling, or balancing arrangements.</p>
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<p>Positive</p> <p>The modification promotes efficiency in the implementation and administration of the CUSC by introducing a controlled mechanism for contract alignment prior to the Gated Application Window.</p> <p>Without this process, Users are likely to submit subsequent contract variations following Gate 2 acceptance, increasing administrative burden on NESO and Transmission Owners.</p> <p>By enabling a single, time-bound adjustment, the proposal reduces complexity, improves data quality for network planning, and streamlines contract management during a critical transition period.</p>

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	Neutral

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	<p>The modification is not expected to have a direct impact on system safety or reliability. However, by enabling more accurate alignment between contractual positions and deliverable projects, it may indirectly improve the quality of information available to NESO, supporting more reliable system planning assumptions.</p>
Lower bills than would otherwise be the case	<p>Neutral</p> <p>The modification is not expected to have an immediate direct impact on consumer bills. However, by reducing the risk of inefficient project outcomes, such as non-acceptance of Gate 2 Offers due to misaligned liabilities, it supports more efficient deployment of generation. Over time, this may contribute to downward pressure on system costs and consumer bills.</p>
Benefits for society as a whole	<p>Positive</p> <p>The modification supports the efficient delivery of generation projects by reducing contractual misalignment and associated risks. This increases the likelihood of projects progressing through Gate 2 and reaching delivery, supporting security of supply and reducing reliance on higher-cost or carbon-intensive generation sources.</p>
Reduced environmental damage	<p>Positive</p> <p>By improving investor certainty and enabling more accurate contractual arrangements, the modification supports the timely delivery of low-carbon generation projects. This contributes to the achievement of net zero targets and reduces reliance on fossil fuel generation, resulting in positive environmental outcomes.</p>

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Improved quality of service	<p>Positive</p> <p>The modification improves quality of service for Users by reintroducing a controlled mechanism to amend contractual positions during an otherwise restricted period. This ensures that connection agreements more accurately reflect project status, providing greater transparency, flexibility, and certainty within the connections process.</p>
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When will this change take place?

Implementation date:

10 Business Days after an Authority decision.

Date decision required by

31 July 2026

Implementation approach

Changes will be required to Sections 17 and 18 of the CUSC, alongside updates to the NESO systems and portal to enable submission and processing of connection date variation requests.

Proposer's justification for governance route

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

This modification meets Ofgem's urgency criteria as it relates to an imminent and time-bound issue with significant commercial implications for Users.

Users require the ability to amend connection dates ahead of the first CMP434 Gated Application Window and prior to the 01 April 2027 liability trigger. Without this, Users may

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be exposed to increased cost and liability profiles that do not reflect deliverable project timelines.

The timing of implementation is therefore critical. A backstop implementation date of September 2026 is required to ensure that Users can utilise the proposed variation process before the relevant liability milestone is reached.

Without urgent implementation, Users will be required to enter the first CMP434 Gated Application Window with contractual connection dates that do not reflect current project delivery assumptions. This misalignment may lead to inefficient Gate 2 outcomes, including an increased risk of Users rejecting Gate 2 Offers due to inaccurate programme assumptions and associated cost exposure.

The inability to amend connection dates ahead of the Gated Application Window creates a clear timing constraint. If not addressed in advance of this window, Users will lose the opportunity to make proportionate adjustments within the scope of this proposal, resulting in avoidable inefficiencies and increased cost risk.

The proposal therefore addresses a clearly defined and time-critical issue. Delay would result in a material and, in some cases, irreversible commercial impact on Users, and reduce the effectiveness of the Gate 2 process. On this basis, an urgent timetable is justified.

Interactions

<input checked="" type="checkbox"/> CUSC	<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 type="checkbox"/> Other modifications	<input type="checkbox"/> Other

This modification affects CUSC Section 17 and 18.

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Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CEC	Connection Entry Capacity
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
GC	Grid Code
G2tWQ	Gate 2 to Whole Queue
MW	Megawatt
NESO	National Energy System Operator
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
T&Cs	Terms and Conditions
TEC	Transmission Entry Capacity
TO	Transmission Owner

Reference material

- [1] <https://www.neso.energy/document/360671/download>
- [2] <https://www.neso.energy/document/377636/download>
- [3] <https://www.ofgem.gov.uk/sites/default/files/2026-02/Ofgem-Response-on-Protected-Projects-Relief-Request.pdf>
- [4] <https://www.nationalgrid.com/sites/default/files/documents/5638-CMP192%20Updated%20Guidance%20Document.pdf>