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Nadir Hafeez
Ofgem
By email

Anthony Pygram
Independent Chair CUSC & Grid Code Panel

21 April 2026

CMP475 Request for Urgency

Dear Nadir

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP475: Amendment to the BSUoS tariff reset process.**

On 15 April 2026, **NESO** raised **CMP475**. The Proposer sent a request to the CUSC Panel Secretary for this modification to be treated as urgent.

CMP475 seeks to amend the Connection and Use of System Code (CUSC) to enable the National Energy System Operator (NESO) reopen the fixed Balancing Services Use of System (BSUoS) tariffs to recover the financial position of the working capital fund. All documentation for this modification can be located via the following [link](#).

The CUSC Modifications Panel ("the Panel") on 21 April 2026, considered **CMP475** and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

The Proposer set out their rationale for Urgency against Ofgem's Urgency criteria (a) which is as follows:

a) A significant commercial impact on parties, consumers or other stakeholder(s).

The costs of balancing actions being taken by NESO are increasing due to a significant ramp in electricity market costs, therefore, putting the BSUoS WCF (Working Capital Fund) under pressure. If this were to happen then NESO could lose the ability to be able to effectively manage the NETS (National Electricity Transmission System) as it cannot pay for balancing actions, by market participants, so endangering security of the electricity system. The proposed solution will allow the situation to be managed as efficiently and effectively as possible but needs to be in place and available as soon as possible.

Panel Consideration of the Request for Urgency

The Panel considered the request for urgency with reference to [Ofgem Guidance on Code Modification Urgency Criteria](#). The unanimous view of the Panel is that **CMP475 does meet** Ofgem's

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Urgency criteria¹. Therefore, the recommendation of the Panel is that **CMP475 should be** treated as an Urgent CUSC Modification Proposal.

Panel members set out their rationale behind this decision:

- A Panel member agreed with the Proposer rationale
- A view of a Panel member was that NESO’s justification for urgency notes that “NESO could lose the ability to able to effectively manage the NETS” if this change were not made. That would clearly meet criteria (b), not (a) as NESO has identified in the proposal. Following NESO clarifications to the Panel, the Panel member understands that the issue is not that NESO will be unable to fund balancing actions, but that it may need to repeatedly re-open BSUoS in order to fund those actions. Repeated re-opening would clearly have a significant commercial impact on BSUoS payers (suppliers and end consumers) and would undermine the intent of fixing BSUoS under CMP408 and CMP415. Hence, the Panel member considered that the proposal meets urgency criteria (a).
- A Panel member was supportive of this as an urgent issue to consider but important that full consideration is given to the impact on the price cap and consumer bills and suppliers’ ability to manage any unexpected changes.
- A view of a Panel member was that NESO need to be confident that their Working Capital Fund is sufficient. The modification seeks a pragmatic solution to avoid further risks to Users should this fund be depleted/breached. On balance, they judged that this modification meets the urgent criteria as re-opening a fixed period will impact multiple users.
- The view of the NESO Panel member was that whilst the underlying risk – NESO exceeding its Working Capital Facility – currently remains a risk and not an issue, NESO recognises that if balancing costs continue to increase beyond current forecasts, this risk will materialise under a timeline that cannot be solved via the standard modification route. Therefore, this modification is needed on an urgent timeline so that the solution is implemented in time for Summer 2026, ready for NESO to utilise it, if that becomes necessary.
- A Panel member believes that the case has been made by the Proposer as to the commercial impact on parties, including NESO, and consumers that this proposal intends to address. Given the statement from NESO in the proposal and at the Panel meeting there may be an outside possibility of a further impact, in terms of (b), if there was to be a risk of the NESO being unable to take balancing actions (although this is not clear at this stage).
- A Panel member stated that NESO’s forecasts show that the Working Capital will be exhausted by the end of September. Re-opening BSUoS tariffs in an uncontrolled way will be negative for suppliers and hence customers. The timing of the domestic price cap also implies urgency. As does NESO’s justification that balancing actions might be prevented by

¹ Ofgem’s current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

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going through the WCF, potentially affecting the safety of the system. For all these reasons, the Panel member supports urgency to the timetable suggested.

- A view of a Panel member was that the inability to recover the Working Capital Fund (WCF) back to neutral creates a real risk of cascading resets affecting Suppliers, demand users, and ultimately consumers. This will have a significant commercial impact. While the proposer argues that WCF pressure could eventually affect procurement of balancing actions, this would be a downstream consequence rather than an immediate risk to security of supply.

Procedure and Timetable

The Panel discussed an appropriate timetable for **CMP475** in the instance that urgency is granted.

The Panel agreed that **CMP475** subject to Ofgem’s decision on Urgency should follow the attached Code Administrator’s proposed timetable (Appendix 1 **Urgent recommendation**). In Appendix 2 of this letter, the Code Administrator has also provided the timeline if this follows standard timescales with the assumption that Panel prioritises this high in the prioritisation stack.

Panel noted that if urgency is required, there would be;

- A Workgroup Consultation period of less than 15 Business Days
- Code Administrator Consultation period of less than 15 Business Days
- There would be less than 5 clear Business Days between publication of the Draft Final Modification Report and Panel’s recommendation; and
- There would be less than 5 clear Business Days for Panel to check that their Recommendation Vote had been recorded correctly

Under CUSC Section 8.24.4, we are now consulting the Authority as to whether this Modification is an Urgent CUSC Modification Proposal.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely

Anthony Pygram

Anthony Pygram
Independent Chair of the CUSC and Grid Code Panel

Appendix 1– Urgent Timeline

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Modification Stage	Date
Modification presented to Panel	21 April 2026
Workgroup Nominations	21 April – 27 April 2026
Ofgem decision on Urgency	By 5pm on 27 April 2026
Workgroups 1- 4	30 April 2026 07 May 2026 11 May 2026 15 May 2026
Workgroup Consultation	19 May – 25 May 2026
Workgroups 5-8	28 May 2026 02 June 2026 05 June 2026 10 June 2026
Workgroup Report issued to Panel	16 June 2026
Panel sign off that Workgroup Report has met its Terms of Reference	19 June 2026 (Special Panel)
Code Administrator Consultation	23 June – 29 June 2026
Draft Final Modification Report (DFMR) issued to Panel	07 July 2026
Panel undertake DFMR recommendation vote	10 July 2026
Final Modification Report issued to Panel to check votes recorded correctly	10 July 2026
Final Modification Report issued to Ofgem	10 July 2026
Ofgem decision	17 July 2026
Implementation Date	24 July 2026

Appendix 2 – Standard Timeline

Modification Stage	Date
Modification presented to Panel	21 April 2026
Workgroup Nominations	21 April – 08 May 2026
Workgroups 1- 5	20 May 2026 11 June 2026 09 July 2026 12 August 2026 09 September 2026
Workgroup Consultation	14 September 2026 – 05 October 2026
Workgroups 6-9	14 October 2026 11 November 2026 09 December 2026 07 January 2027

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Workgroup Report issued to Panel	21 January 2027
Panel sign off that Workgroup Report has met its Terms of Reference	29 January 2027
Code Administrator Consultation	8 February 2027 – 01 March 2027
Draft Final Modification Report (DFMR) issued to Panel	18 March 2027
Panel undertake DFMR recommendation vote	26 March 2027
Final Modification Report issued to Panel to check votes recorded correctly	31 March – 07 April 2027
Final Modification Report issued to Ofgem	12 April 2027
Ofgem decision	TBC
Implementation Date	TBC

Appendix 3 – Panel Urgency Vote

See separate attachment