Public

Workgroup Consultation

CMP414: CMP330/CMP374 Consequential Modification

Overview: This is a consequential Modification proposal that enacts the Workgroup solution from CMP330/374, by updating Exhibit B, Section 2 and Section 11 of the CUSC.

Have 5 minutes? Read our Executive summary
Have 90 minutes? Read the full Workgroup Consultation
Have 180 minutes? Read the full Workgroup Consultation and Annexes.

Modification process & timetable

1. **Proposal Form**
   13 April 2023
2. **First Code Administrator Consultation**
   01 June 2023 – 29 June 2023
3. **First Draft Final Modification Report**
   20 July 2023
4. **First Final Modification Report**
   10 August 2023
5. **Workgroup Consultation**
   24 April 2026 – 18 May 2026
6. **Workgroup Report**
   18 June 2026
7. **Second Code Administrator Consultation**
   29 June 2026 – 20 July 2026
8. **Second Draft Final Modification Report**
   20 August 2026
9. **Second Final Modification Report**
   10 September 2026
10. **Implementation**
    TBC

Status summary: The Workgroup are seeking your views on the work completed to date to form the final solution to the issue raised.

This modification is expected to have a: Medium impact on Generators, Transmission Owners and NESO.

Governance route	A Standard Governance modification being assessed by a Workgroup	
Who can I talk to about the change?	**Proposer:** Neil Dewar, NESO neil.dewar@neso.energy	**Code Administrator Chair**: Robert Hughes robert.hughes@neso.energy
How do I respond?	Send your response proforma to cusc.team@neso.energy by **5pm** on **18 May 2026**	

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Executive Summary

As part of the CMP330/CMP374 Workgroup Consultation phase, the Workgroup established that rather than be assessed against the CUSC Charging Applicable Objectives in Section 14 of CUSC, Contestability would be more appropriately contained in a new Part IV within Section 2 of CUSC (Connections). This modification enacts the CMP330/CMP374 Workgroup solution. The Authority sent back the original Final Modification Report (FMR) in August 2024, and the issues raised have become the new terms of reference for the revised report. The Workgroup reconvened to consider the send back issues in October 2025.

What is the issue?

The current wording on Contestability in Section 14 of the CUSC is limited for and insufficient for CUSC parties. The CMP330/CMP374 Workgroup concluded that Contestability is better assessed under Non-Charging objectives and should be relocated to Section 2 of the CUSC.

What is the solution and when will it come into effect?

Proposer's solution:

CMP414 enacts the CMP330/CMP374 Workgroup solution, by updating Exhibit B, Section 2, and Section 11 of the CUSC. Providing a more detailed treatment of Contestable Assets and Adoption Agreement. CMP414 can only be approved and implemented in conjunction with CMP330/CMP374. This revised report includes responses to the issues raised by the Authority in their send back letter.

Implementation date:

If CMP330/CMP374 is approved, CMP414 shall be implemented in parallel on the same date. This will be ten working days from the approval by the Authority.

What is the impact if this change is made?

The suite of CMP330/374/414 modifications will remove the 2km restriction (along with appropriate checks and balances, e.g. step in rights in certain circumstances). As a consequence, project developers will have a more extensive opportunity to self-build infrastructure assets as part of their project delivery. An additional impact is the relocation of the governing provisions for self-build from Transmission to Connections.

Interactions

The System Operator Transmission Owner Code (STC) and The System Operator Transmission Owner Code Procedures (STCP) will need to be amended to take account of the processes introduced under this modification to allow contestability. A consequential STC/STCP change (CM079 'Consideration of STC/STCP changes in relation to CMP330/374') has been raised.

What is the issue?

What is the defect the Proposer believes this modification will address?

Contestability currently sits within Section 14 Charging Methodologies under paragraph 14.7. The Workgroup agreed that the existing wording within CUSC was ambiguous and limited and would fit better within the Connections Section of CUSC (S2) and should be assessed under Non-Charging objectives.

CUSC modification proposals CMP330 & CMP374 are currently with Ofgem for a decision, waiting on the revised CMP414 FMR.

These proposals, along with CMP414 seek to extend the range of transmission assets which can be built 'contestably' by a third party (a 'User' as defined by CUSC). Currently this right relates to User connection equipment – 'Connection Assets' and the User's own Plant and Equipment. The CUSC proposals seek to extend this right to incorporate Infrastructure Assets which for sole use – i.e. are not shared, or are not expected to be shared, with the Onshore Transmission Owner adopting these assets on completion of build.

The Workgroup added a new Part IV within Section 2, creating high level principles for Contestable Assets (2.23) and Adoption Agreements (2.24) enhancing CUSC, without the need to initiate wider CUSC changes i.e. amending Connection assets (14.2.6). Additionally, the new legal text applies to both generation and demand builds which removes any ambiguity surrounding contestable builds.

The new wording supersedes the existing terms as Contestability arrangements are enhanced.

Why change?

The existing CMP330/CMP374 Modification proposal will be assessed under the CUSC Charging Applicable Objectives (applicable to Section 14 only), therefore

the CMP330/CMP374 Workgroup decision to relocate Contestability and the additional wording related to the CMP330/CMP374 solution to Section 2 requires assessment against the CUSC Non-Charging Applicable Objectives.

The Original Proposal form can be found in **Annex 01**.

What is the solution?

Proposer's Original solution

CMP330/ CMP374 and CMP414 should be considered in conjunction with each other in terms of approval and implementation.

The CMP330/CMP374 modification will be assessed against the CUSC Charging Applicable Objectives. The CMP330/CMP374 legal text proposes the deletion of Contestability from Section 14. This is on the basis that CMP414 proposes to relocate and expand on the existing clauses on Contestability, from Section 14 of CUSC (Charging Methodologies) into Section 2 (Connections), as per discussions of the CMP330/CMP374 Workgroup and supporting legal reviews.

Also, as agreed by the CMP330/CMP374 Workgroup, there are proposed new definitions within Section 11 for Adoption Agreement and Contestable Assets, and references to Contestable Assets are proposed to be included in CUSC Exhibit B.

The rationale for the proposed changes to Section 2 are outlined within the CMP330/CMP374 Workgroup Report as this modification is a vehicle to enact the CMP330/CMP374 solution.

First Code Administrator Consultation

The Code Administrator Consultation was issued on the 01 June 2023 closed on 29 June 2023 and received 4 non-confidential responses. The full responses can be found in **Annex 02**.

Code Administrator Consultation summary	
Question	
Do you believe that the CMP414 Original Proposal better facilitates the Applicable CUSC Objectives?	2 out of the 4 responses felt that the Original better facilitated the applicable CUSC Objectives (b) and (d). The other 2 responses disagreed and felt that it negatively impacted objectives (a) and (d), 1 response also felt that it negatively impacted objective (b).
Do you support the proposed implementation approach?	All 4 responses supported the implementation approach. 2 of the responses felt that at the very least the six months implementation period specified by the proposer was required, in order to: - Allow TOs/ESO time to establish revised ways of working. - Give TOs/Ofgem time to consider consequential impacts on the Price Control and ensure enduring licence compliance.
Do you have any other comments?	The following key points were raised: 2 responses supported the CMP414 because: - It will allow CMP330/374 to be enacted, remove barriers for entry for new connections, allow developers to build more of their own assets, and promote competition in network development to deliver more cost-effective solutions and facilitate earlier connections to the grid. - This will benefit end consumers and contribute towards meeting net zero targets by enabling more renewable generation to connect to the Transmission System.

	- Moving Contestability to Section 2 of the CUSC ensures that CUSC arrangements for Connections are all in the same area increasing efficiency for CUSC Users. The remaining 2 responses did not support CMP414, CMP330 or CMP374 because: - No cost benefit analysis has been carried out to show the benefits of the modifications. - The TOs (and therefore end consumers), could be exposed to rectification costs if TOs are forced to step in and complete works that are abandoned/built incorrectly. This could expose the TOs to adverse performance measures under the current T2 Price Control. - Investments (including connections) need to be progressed strategically and consistently with regional plans in order to decarbonise the electricity network by 2035 and deliver net zero by 2050. Strategic network design and regional plans could become User focused or piecemeal. With Users expecting their individual projects to be prioritised over the TOs more holistic, long-term network design philosophy. Leading to increased disputes, additional costs being incurred by consumers and/or User-led appeals to Ofgem. - Allowing third parties to install high voltage transmission equipment, without the same levels of regulatory oversight applied to TOs, increases the risk to public safety as well as other Users of the national electricity system. Users may prioritise commercial factors over agreed design and delivery standards, system stability, or safety, where cost or timing becomes a driving factor for their project. Especially as there is no incentive for Users to adhere to the Adoption Agreement (unlike the current arrangements

	where the User is solely and directly exposed to its actions). - Greater protections are needed where there could be adverse impacts on interacting connection timescales for subsequent Users, caused by delays or failed infrastructure asset delivery via contestable works. Safeguards need to be codified in the CUSC, rather than left to the discretion of the ESO (in co-ordination with the TOs). - The solution is still unclear on the full extent of the project management responsibilities Users expect to undertake (or discharge to relevant TOs) when delivering Contestable Assets. The solution is too reliant on Adoption Agreements being able to substantiate this, and as a consequence there is not only a risk of inconsistency but disputes where Users and TOs cannot agree. - There is also a risk that TOs could end up in dispute with the ESO If Users and the TO cannot agree on what should be included within the Adoption Agreement. Or if the ESO and a TO cannot agree on when to exercise the right to intervene to prevent or stop contestability (despite the TOs bearing most of the risks). Both issues can be addressed via amendments to the SO-TO Code, but with the modifications specifying these matters in the CUSC it is likely to lead to more complex dispute management arrangements. - The solution places new obligations or limitations on existing obligations defined outside CUSC, which will require STC changes, this creates confusion due to the ESO's[1] lack of involvement in these matters.

[1] On October 1, 2024, National Grid Electricity System Operator (NG ESO) became the National Energy System Operator (NESO), moving into public ownership as an independent public corporation, overseeing both electricity and gas networks, accelerating Britain's transition to a net-zero energy system by 2030.

	- It also imposes limiting standards on commercial activities outside the CUSC. This is an unhelpful precedent, as it stifles innovation and leads to inefficiency if code modifications are required every time impacted parties identify and agree to enhancements in working practices. - It is unclear how the modifications can be considered to facilitate competition if there is no tender process or competitive pressure. - Consequential changes needed to Licences and the RIIO framework would need to be fully considered and implemented, ensuring protections were in place for consumers and TOs. - If approved, the timing of implementation would need to be carefully managed to factor in other competing regulatory priorities, along with interactions with Ofgem's recent Accelerated Strategic Transmission Investment (ASTI) decisions and the next Price Control period. - Interactions with the Queue Management (QM) code modification CMP376 could be complex and further work may be needed should both modifications be approved to reflect better alignment in the CUSC. - Overall, the respondents were supportive of initiatives seeking to expedite connection of generation and demand projects to the transmission system and accepted that these modifications could give Users an opportunity to deliver infrastructure assets quicker and cheaper. But in order to achieve this the solution needed to be developed further to address the issues mentioned above.

Legal text issues raised in the original consultation
1 respondent felt that the phrase 'shared works' in clause 2.23.4b was too vague and could be interpreted in multiple ways. To remove any confusion, they suggested replacing the word 'works' with 'assets'. 2.23.4b: Where the proposed **Contestable Assets** will be, or can reasonably be foreseen to be, shared assets ~~works~~ with other **Users**, or;
EBR issues raised in the consultation
No EBR issues were raised.

First Panel Recommendation Vote

The Panel met on the 28 July 2023 to carry out their first recommendation vote.

Panel comments on Legal text

Ahead of the vote taking place, the Panel considered the legal text amendment proposed as part of the Code Administrator Consultation and agreed it was typographical and instructed the Code Administrator to make the change.

Authority Decision to send-back CMP414

On 08 July 2024, Ofgem sent back (**Annex 03**) the CMP414 Final Modification Report for further work and directed Panel to revise and resubmit the CMP414 Final Modification Report (**Annex 02**).

The Authority stated that they had identified deficient areas in the FMR which prevented them from making a decision:

- Lack of clarity on potential and proposed benefits, in particular as to:
  - Financial benefits; and
  - Time saving benefits.

- Lack of clarity of potential risks, in particular as to:
    - Sub-standard assets;
    - Lack of Charging considerations;
    - Lack of analysis around anticipatory investment;
    - Lack of analysis around incentives;
    - Misalignment of the STC and CUSC;
    - Lack of FMR cohesiveness; and
    - Lack of analysis around incentives

The CUSC Panel met on 26 July 2024 and agreed the following: CMP414 should go to Workgroup for Workgroup assessment, the CMP414 Terms of Reference, and that the CUSC Panel support a second Code Administrator Consultation before the modification is re-presented to Panel for the Recommendation Vote.

CUSC Panel agreed a new terms of reference for the Workgroup which reflect the issues raised in the send back letter. These appear as **Annex 04** to this report. The Workgroup was reconvened in October 2025, following the hiatus caused by connections reform modifications taking a priority for several months.

Following the CUSC modification hiatus the CUSC Panel met on the 23 August 2024 and agreed the modification topic was complex and that the work required ahead of resubmitting the FMR was likely to be extensive. The CUSC Panel acknowledged that more certainty was required on Connections Reform before fully evaluating the priority of CMP414.

The CUSC Panel met on 25 October 2024 and agreed that when rationalised against the other modifications in the prioritisation stack CMP414 was a medium priority.

The CUSC Panel met on 03 September 2025 and agreed that CMP414 should be placed high on the prioritisation stack due to the dependences with CMP330/CMP374, currently with the Authority for decision.

Workgroup considerations on Authority send back letter

Since the October 2025 restart the Workgroup has convened 9 times to consider and address the deficiencies in the First Final Modification Report detailed in the Authority send back letter.

Workgroup Discussion ahead of the Workgroup Consultation

Consider EBR implications

It is considered that there are no EBR implications arising from this modification.

Provide clarity on potential and proposed benefits

The Workgroup initially looked to gather evidence for quantifying benefits and risks from the members which was unfruitful other than from the Proposer of CMP330/374.

Efforts were made to engage with external organisations including Electricity Networks Association (ENA), Scottish Renewable, Renewables UK, EirGrid and Soni, presenting the issues around CMP414 and the request for evidence.

As a result of these discussions and requests to industry and other Transmission Owners, the Workgroup increased its membership in January.

Evidence gathered:

The Proposer of CMP330/374 has provided an anonymised spreadsheet of projects – some of which could be Contestable Builds. This analysis was based on 132kV distribution assets, noting the difference in contestability between England and Wales (where 132 kV is distribution and contestable) and Scotland. This appears as **Annex 05** of this report.

One of the Workgroup members shared a presentation at Workgroup 8 on Contestability in Ireland. This appears as **Annex 06** of this report.

As the Workgroup has been largely unsuccessful over the last 5 months in obtaining emperical evidence on benefits, it was agreed not to pursue any more

evidence. However, the Workgroup will now develop a set of assumptions to develop the benefit case for CMP414 after discussion and agreement with The Authority's Workgroup representatives.

Difficulties in obtaining evidence:

It became apparent as part of Workgroup discussions with one TO that there are limited opportunities in England and Wales for Contestable builds.

Additionally, whilst other TO's were supportive of the initiative to gather evidence on contestable builds there was a delay in presenting information and comments. This was due to the need to take time to gather the available information and provide a commentary which was relevant to his modification. The small number of projects limited their ability to draw wider conclusions.

Both Scottish and Southern Energy Networks (SSEN) and Scottish Power Energy Networks (SPEN) made presentations to the Workgroup seting their views on the problems regarding hard evidence modification and the wider issues concerning contestability.

SSEN response regarding evidence and issues on contestability:

This appears as **Annex 07** to this report.

1. Inability to provide a quantitative cost-benefit analysis

A Workgroup Member from SSEN explained that it is not currently possible to produce a robust cost-benefit assessment of extending contestability to sole-use transmission works over 2 km. This is because:

- SSEN does not have visibility of developer contractor pricing for equivalent contestable works, preventing meaningful comparison with TO-delivered costs.

- Internal SSEN costs associated with contestable works (specification, technical assurance, documentation review) are variable and project-specific, and cannot be reliably modelled in advance.
- There is no existing evidence base, as SSEN has no completed contestable transmission-level projects to inform assumptions.

2. Limited or no impact on connection dates

The Workgroup Member from SSEN noted that, in its area, connection dates are typically driven by shared-use infrastructure, not sole-use assets. As a result:

- Contestably delivering sole-use works earlier would not accelerate the overall connection date where shared-use reinforcement remains the critical path.
- Therefore, SSEN does not currently see evidence that extended contestability would materially improve connection times in its region.

3. Unclear benefits to developers; potential (but unquantified) consumer impacts

The Workgroup Member from SSEN stated that:

- Developers do not clearly benefit under current arrangements, as sole-use works are ultimately recovered through regulated charging rather than borne directly as net costs.
- Any potential benefit would more likely accrue to consumers, but SSEN emphasised that this cannot be demonstrated without a credible counterfactual, which is currently unavailable.
- Consequently, SSEN placed a strong caveat on any claims of savings or efficiency benefits.

4. System integrity and operational risk concerns

The Workgroup Member from SSEN highlighted that extending contestability—particularly where works interface with shared transmission assets—could increase:

- System integrity and protection coordination risks
- Operational and safety risks
- Adoption and liability risks
  These impacts were described as qualitative and not easily reducible to monetary values, limiting their treatment in a cost-benefit framework.

5. Clarifications following questions from the workgroup

In response to questions from the Workgroup. The Workgroup Member from SSEN confirmed its comments applied specifically to the proposed extension of contestability to longer sole-use assets, not contestability in general.

Overall SSEN position

The Workgroup Member from SSEN confirmed that SSEN did not oppose contestability in principle, but stated that:

- It cannot substantiate cost, timing, or consumer benefits for the CMP414 proposal with current data.
- Any assertions of benefit would be highly assumption-driven and potentially misleading at this stage.
- Material uncertainties remain around system risk, cost recovery, and interaction with shared-use infrastructure.

Scottish Power Energy Networks response regarding evidence and issues on contestability

This appears as **Annex 08** to this report.

A Workgroup Member from SPEN presented its position on contestability at the transmission level, highlighting the limited evidence base, concerns about cost efficiency, asset quality, system integration, and the need for further development.

- **Scottish Power Energy Networks on Contestability**: a Workgroup Member from SPEN outlined its cautious stance, noting insufficient operational evidence for cost savings, concerns about asset quality, and the need for robust processes and clear roles in any expansion of contestability.
- **Quality and Standards Discussion**: One Workgroup member challenged the assertion that contestability risks asset quality, citing rigorous approval processes. The SPEN Workgroup Member clarified that concerns stem from the unknowns and differences in expertise and control.
- **System Planning and Anticipatory Investment**: The Workgroup discussed how contestability interacts with anticipatory investment and system planning, with one Workgroup member emphasising that wider system constraints and consenting timescales often limit the benefits of contestable delivery.
- **Roles, Responsibilities, and Adoption Agreements**: Several Workgroup members highlighted the importance of strong adoption agreements and clear allocation of responsibilities to mitigate risks, with the SPEN Workgroup Member agreeing that these are key to successful implementation.

No information was forthcoming from the external efforts made by the Proposer by attending industry forums and the Proposer is not aware that any information has been sent on a confidential basis to The Authority to support the process.

Financial and time saving benefits

Evidence presented

Across multiple meetings, the Workgroup discussed and recorded the following evidence sources:

a. Developer-led quantitative analysis

- A confidential but shareable cost-benefit analysis from **NG Contour / EnergieKontor** was presented.
- This analysis covered 11 anonymised projects, primarily 132kV assets.
- Indicative outcomes:
    - ~15% capex saving from contestable delivery versus TO delivery.
    - Material time savings, including:
        - Up to 2 years earlier energisation on several projects.
        - Monetised benefit of earlier generation revenue.
    - Aggregate benefit cited at ~£22m, split broadly between cost reduction and earlier energisation.

b. Anecdotal but consistent industry experience

- Multiple generators reported:
    - TO-led delivery delays of years, not months.
    - Significant cost escalation under the existing regime.
- These statements were explicitly recognised as anecdotal, but consistent across parties.

c. Comparator evidence from other jurisdictions

Electricity Supply Board (ESB Ireland) presentation set out the following:

- Contestability framework has been in operation for ~15–20 years.
- Proxy analysis indicated:
    - ~20% cost saving on standard 110kV looped connections.
    - 5–11 month delivery acceleration versus regulated timelines.

- This was positioned as supporting evidence, not a direct GB analogue.

Gaps acknowledged by the presenter were:

- No GB-wide, statistically complete dataset.
- Evidence strongest for 132kV and below; limited relevance to 275/400kV assets.
- Ofgem feedback accepted that transparent assumptions may substitute where empirical data is unavailable.

Provide clarity on, and mitigation of, the risks in relation to Sub-Standard Assets and when Assets are shared.

The Workgroup examined the risks associated with sub-standard assets and the importance of clear mitigation strategies needed to be considered as part of the FMR.

Several members of the Workgroup described the use of user self-build agreements and adoption agreements which include design approval processes, type-approved equipment list and oversight by Transmission Owners to mitigate the risks of sub standard assets.

A Workgroup member noted that developers are incentivised to build high-quality assets, sometimes exceeding DNO standards. Additionally, standards should not unnecessarily restrict innovation or quality improvements.

The Workgroup created a risk register which highlights any risks identified by the Workgroup, a mitigation measure and a likelihood of event occurring and attributed a Risk Rating. This is a work in progress and will be refined throughout the Modification process.

Provide clarity on Charging and the interaction with the existing charging regime.

The original CMP330/374 Workgroup had determined that there was no Charging impacts and had subsequently proceeded to move Contestability out of the

Charging Section of CUSC (S14) and into the Non-Charging Sections -hence the raising of CMP414 to facilitate this approach.

Since the restart of CMP414, the Workgroup discussed the charging implications of contestable works, including how costs, warranties, and shared assets are managed, and agreed to document scenarios and potential impacts for inclusion in the FMR.

Charging Scenarios and Asset Adoption:

Several Workgroup members explained that if contestable assets remain sole use, costs and warranties typically fall to the user, but if assets become shared infrastructure, charging and cost recovery mechanisms become more complex, potentially impacting consumers.

Defects Liability and Refunds:

One Workgroup member highlighted that defects liability periods (typically two to five years) ensure users or their contractors cover remedial costs, and raised questions about how capital contributions and refunds are managed if assets become shared.

A Workgroup Member took away an action to research and present at a subsequent Workgroup. This was discussed at Workgroup 6 and although no Charging impacts were identified as part of CMP414 (CMP330/374), questions were asked of NESO to confirm this position with their Revenue and Charging Team. This appears as **Annex 09** 'Transmission Asset Charging Considerations' of this report.

The NESO Revenue and Charging Team have confirmed that as it stands, there are no impacts as long as the solution to CMP414 does not change (regardless of whether generation or Demand Contestable Assets)

Provide clarity on the impact on any Anticipatory Investment(s), including clarity on, and mitigation of any risks

Analysis of Anticipatory Investment (AI):

The Workgroup discussed the need to analyse how contestable works interact with anticipatory investment, agreeing to develop scenario analyses to illustrate potential benefits and challenges for future network development.

Intervention Criteria and AI:

One Workgroup member explained that intervention criteria allow Transmission Owners to take over works if anticipatory investmentis needed but acknowledged that more analysis and real-life scenarios are required to demonstrate how this would work in practice.

Scenario Development:

The Workgroup agreed to develop scenarios illustrating different types of anticipatory investment, such as shared substations for data centres or remote wind farms, to clarify any CMP414 impact on future network planning.

Strategic Versus Local Investment:

One Workgroup member distinguished between large-scale strategic investments and local shared use developments, noting that the economic and practical benefits of contestability vary by voltage level and geographic context.

Overview:

The Workgroup discussed the potential implications of user-led asset delivery for anticipatory investment by Transmission Owners. Concerns were raised that delivery of assets sized narrowly for an individual connection could, in some circumstances, conflict with efficient wider network development. While TO intervention rights were identified as a potential safeguard, the Workgroup so far did not develop a detailed assessment of how frequently such interventions

might be required or how they would affect incentives for anticipatory investment.

Provide clarity of true intent of proposal, given various instances of misalignment of STC and CUSC.

CMP414 enacts the solution to the CUSC Modifications CMP330/374. CM079 enacts the System Operator Transmission Code Owner Code (STC) legal changes introduced as part of CMP414. Two Agreements are requred to complete the process that links NESO with Users (CUSC) and Transmission Onwers (STC). The reason for this is that Users and NESO are bound by the CUSC agreement. Any legal text changes made under the CUSC does not apply to the Transmission Owners and any changes made under the STC do not apply to Users.

The purpose of the Modifications is to align the CUSC and STC legal text facilitating the solution by introducing the rules and high level principles for Contestability and Adoption Agreements .

The Proposer of CMP414 and CM079, met along with NESO colleagues including Legal and created a spreadsheet showing the misalignment in the respective legal texts. It was determined that there were no substantive issues and it was more a refinement exercise.

The Workgroup noted the need for alignment between the CUSC and STC Legal texts, particularly regarding compensation and intervention provisions, and agreed on a coordinated process for legal drafting and issue resolution.

<u>Legal Text Consistency:</u>

The Workgroup noted inconsistencies between the CUSC and STC legal texts, especially in compensation arrangements, and proposed aligning the language and provisions to avoid conflicts and ensure clarity for all parties.

Focus on Disputes and Reasonable Costs:

The Workgroup agreed to focus on clarifying terms such as 'reasonable costs' and 'not unreasonably disadvantaged' in the Legal text. The Workgroup noted that this would need to be aligned with the consetuential STC modification, CM079.

Analysis of Incentives for Timely and High-Quality Delivery:

The Workgroup discussed the differing incentives for Transmission Owners and developers regarding timely and high-quality delivery of contestable works, with the Authority agreeing to provide further clarification.

TO and Developer Incentives:

One Workgroup member described the regulatory incentives for timely connections and noted that delays caused by users could impact Transmission Owners performance metrics, raising questions about exceptions and the allocation of responsibility.

Connections Reform and CMP414

The Workgroup received from a representative of the Authority a Demand Connections Reform update and its relevance to CMP414. It was explained that a Call for Input was issued on 13 February Demand connections reform | Ofgem This sought industry views on addressing three interrelated challenges:

1. The demand queue is large and growing and contains a significant number of projects that are likely non-viable

2. The demand queue contains a significant number of well-progressed projects that cannot progress to connection quickly enough, due to the time required for network or generation build, and the presence of nonviable projects

3. There are no mechanisms to prioritise strategically important demand projects

The reform aims to enable timely connections for viable projects, prioritise projects of strategic importance, deliver consumer benefits and maintain system security and operational integrity.

The programme is structured around “Curate, Plan and Connect”. The Connect pillar aims to accelerate and increase the number of physical grid connections for demand projects and operate an effective and secure system that includes increasingly large demand loads. As part of that work Ofgem, in partnership with NESO, UK Government and industry are considering how to enable greater self-build of transmission level assets. Therfore the work associated with CMP414, CMP330 annd CMP374 will help inform the Authority’s wider reform work regardless of whether changes to enable greater self-build progress via the standard code modification route or under the Planning and Infrastructure Act.

The Authority representative advised that the Planning and Infrastructure Act (PIA) gives the Authority and the Secretary of State powers to make licence and code modifications within a defined scope. Where these powers are used, a separate statutory process applies, including consultation where consultation responses are taken into account before final decision. This process differs from the standard industry modification route and can apply to both licences and code changes.

Workgroup Members raised concerns regarding Demand customers, particularly the legal and regulatory uncertainty associated with self-build, commissioning, asset ownership and transfer under the Electricity Act and licence exemption framework. It was noted that some Demand customers may be offered connections that would require ownership of transmission assets, creating uncertainty over legal deliverability. The Workgroup members emphasised the need for clearer regulatory and legislative clarity, especially during commissioning and transfer periods.

The Workgroup highlighted that CMP414 is primarily focused on extending contestability for longer sole use transmission assets and enabling self-build and

transfer for adoption by the transmission owner, rather than addressing primary legislation. CMP414 was considered more readily applicable to generation projects, with greater practical impact expected in Scotland due to network configuration, although it may provide a starting point for Demand Connections subject to wider reforms.

Planning And Infrastructure Act and the future of this modification

A representative from Ofgem provided an update confirming the decision to proceed with using the Planning and Infrastructure Act (PIA) powers to enable greater self-build and transfer for demand and generation connections, outlining the sequencing of policy development and consultation, and addressing questions.

- **Decision to Use PIA Powers**: the Ofgem representative explained announced that the intention is to proceed with the issues in tis modification by using PIA powers. This will be to enable greater contestability for transmission-level assets, emphasising that the Workgroup work to date will inform policy enacted through these powers.
- **Policy Sequencing and Consultation**: they explained that the consultation on legal changes using PIA powers is planned for the Summer, with the aim to have changes in force by the end of the year, subject to consultation feedback and complexity.
- **Legal and Legislative Clarifications**: they clarified that the PIA approach will focus on adoption by existing licence holders and that Ofgem is engaging with legal teams and the UK Government regarding commissioning activities and potential class exemptions for demand customers.
- **Next Steps and Workgroup Role**: The Chair and Proposer discussed the Workgroup's continued role in progressing the Workgroup Consultation report, with the Ofgem representative confirming that the Authority will update the CUSC Panel and that proceeding with the Workgroup

Consultation as planned will provide valuable data for Ofgem's reform process. The Chair clarified that the Workgroup would continue with the planned Workgroup Consultation, analyse responses, and hold a further Workgroup meeting to consider Workgroup Consultation responses. The final steps for CMP414 will depend on Ofgem's guidance and the outcome of the PIA process.

Provide clear analysis of TO - Contracted Users Incentives in terms of quality of build.

Incentives were discussed by the Workgroup primarily in comparative terms between TO-led delivery under price control and user-led delivery under the proposal. Questions were raised by Workgroup members about whether users would face equivalent drivers to deliver assets on time and to appropriate quality standards, but no definitive conclusions were developed during the Workgroup meetings.

Draft legal text

The draft legal text for this change can be found in **Annex 10**

What is the impact of this change?

Original Proposer's assessment against Code Objectives

Original Proposer's assessment against CUSC Code Objectives	
Relevant Applicable Objective	**Identified impact**
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	**Neutral**

(b) 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** Previous charging and connection methodologies were moved into Section 14 of CUSC. The CMP330/374 Workgroup determined that Contestability and Contestable Assets would be better aligned to Section 2 in CUSC, which would better suit competition
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	**Neutral**
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	**Positive** By moving Contestable Assets and Adoption Agreements to Section 2 of the CUSC, it ensures that CUSC arrangements for Connections are all in the same area increasing efficiency for CUSC Users and readers.
*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.	

When will this change take place?

Implementation date

Ten days from approval by the Authority. Aligned to the implementation date (if approved by the Authority) of CMP330/CMP374.

Date decision required by

The FMR is due to be submitted to the Authority on 10 September 2026.

Implementation approach

The Connection Application Process noted in CUSC Exhibit B has amended to reflect the removal of Transmission Connected Assets and inclusion of Contestable Assets along with an amendment to the "Application for a New Connection Form" contained within the Exhibit B.

Interactions

The System Operator Transmission Code (STC) and The System Operator Transmission Code Proceures (STCP) will need to be amended to take account of the processes introduced under this modification to allow contestability. A consequential STC/STCP change (CM079 'Consideration of STC/STCP changes in relation to CMP330/374') has been raised.

How to respond

Standard Workgroup Consultation questions

1. Do you believe that the Original Proposal better facilitates the Applicable Objectives versus the current baseline?
2. Do you support the proposed implementation approach?
3. Do you have any other comments?

4. Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?
5. Does the draft legal text satisfy the intent of the modification?
6. Do you agree with the Workgroup's assessment that the modification does not impact the European Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?

Specific Workgroup Consultation questions

7. Do you believe that the Workgroup met the questions and concerns raised by Ofgem in the send back letter of August 2024. If not, please would you provide further information or evidence on any of the points set out in the send back letter appearing in **Annex 03** of this report

8. To what extent does CMP414, consequential to CMP330/374, help achieve the objectives outlined in Ofgem's demand connections reform call for input, as well as providing benefits to generation and storage? What gaps do you believe there are and what would you recommend to address them? Please provide evidence for any comments

The Workgroup is seeking the views of CUSC Users and other interested parties in relation to the issues noted in this document and specifically in response to the questions above.

Please send your response to cusc.team@neso.energy **by 5 pm on 18 May 2026,** using the response pro-forma which can be found on the CMP414 modification page.

In accordance with Governance Rules if you wish to raise a Workgroup Consultation Alternative Request, please fill in the form which you can find at the above link.

If you wish to submit a confidential response, mark the relevant box on your consultation proforma. Confidential responses will be disclosed to the Authority

in full but, unless agreed otherwise, will not be shared with the Panel, Workgroup or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

Acronyms, key terms and reference material

Acronym / key term	Meaning
AI	Anticipatory Investment
ASTI	Accelerated Strategic Transmission Investment
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Guideline
ESB	Electricity Supply Board (Ireland)
ENA	Electricity Networks Association
FMR	Final Modification Report
PIA	Planning and Infrastructure Act
SO	System Operator
SPEN	Scottish Power Energy Networks
SSEN	Scottish and Southern Energy Networks
STC	System Operator Transmission Owner Code
STCP	System Operator Transmission Owner Code Procedures

SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions
TO	Transmission Operator

Reference material

CMP330&CMP374: Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length & CMP374: Extending contestability for Transmission Connections | National Energy System Operator

Annexes

Annex	Information
Annex 01	CMP414 Proposal form
Annex 02	CMP414 First Final Modification Report and Annexes
Annex 03	CMP414 Authority Decision Send Back Letter
Annex 04	CMP414 Terms of Reference (post send back)
Annex 05	CMP414 EnergieKontor Cost Benefit Analysis
Annex 06	CMP414 Overview of Contestability in Ireland
Annex 07	CMP414 SSEN Transmission Information
Annex 08	CMP414 SPEN Transmission Information
Annex 09	CMP414 Transmission Asset Charging Considerations
Annex 10	CMP414 Draft Legal text