

## Workgroup Consultation

# CMP466: CMP456 Consequential Charging Modification

**Overview:** This modification proposes a change to Balancing Services Use of System (BSUoS) within Section 14 'Charging Methodologies' to ensure that any validated costs arising via the CMP456 solution are recovered.

## Modification process & timetable



**Have 5 minutes?** Read our [Executive summary](#)

**Have 60 minutes?** Read the full [Workgroup Consultation](#)

**Have 120 minutes?** Read the full Workgroup Consultation and Annexes.

**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 and the System Operator.

<b>Governance route</b>	Standard Governance modification with assessment by a Workgroup.	
<b>Who can I talk to about the change?</b>	<b>Proposer:</b> Tim Ellingham, RWE <a href="mailto:Tim.ellingham@rwe.com">Tim.ellingham@rwe.com</a>	<b>Code Administrator Chair:</b> Kat Higby <a href="mailto:Katharine.higby@neso.energy">Katharine.higby@neso.energy</a>
<b>How do I respond?</b>	Send your response proforma to <a href="mailto:cusc.team@neso.energy">cusc.team@neso.energy</a> by <b>5pm</b> on <b>20 May 2026</b>	

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## Executive Summary

CMP466 proposes a change to the Connection and Use of System Code (CUSC) charging methodology so that any validated costs recovered under CMP456 relating to legacy Generators meeting new Grid Code Electromagnetic Transient (EMT) modelling obligations are passed through Balancing Services Use of System (BSUoS) charges.

Modification CMP466 has been raised to ensure these costs are recovered fairly and consistently, avoiding Generators bearing disproportionate costs for compliance that is necessary for system security.

### What is the issue?

CMP466 addresses the need for a charging mechanism to recover costs arising from CMP456, which allows legacy Generators to claim the reasonable costs of meeting new Grid Code requirements to provide EMT models. The issue is that, without a change to the CUSC, there is currently no clear route to recover these validated costs via BSUoS, despite the obligations being driven by system security requirements rather than Generator benefit.

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

**Proposer's solution:** The proposer's solution is for any costs validated under CMP456 to be recovered through existing BSUoS external costs. Any resulting cashflow impacts would be managed using the existing BSUoS Working Capital Facility, with no new processes or systems required.

**Implementation date:** 10 Business Days after an Authority decision.

### What is the impact if this change is made?

The modification impacts NESO and Generators by enabling the recovery of validated costs associated with providing EMT models through existing BSUoS

arrangements, ensuring Generators are not disadvantaged by new Grid Code obligations.

## Interactions

Interactions with CMP456 and GC0168 as together they offer the full package solution for the issue.

Potential impact on Distribution Connection and Use of System Agreement (DCUSA) if EMT models are required for Licence Exemptible Embedded Medium Power Stations, such parties are likely not party to the CUSC, so therefore cannot access the recovery mechanism.

## What is the issue?

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

CMP456 if approved by the Authority, would allow Generators that face new obligations under GC0168 to seek to claim the reasonable, efficient and proportionate costs needed to comply with the obligations. It is the intention of CMP466 that any validated claims are recovered via BSUoS charging.

GC0168 is a modification proposal that will oblige Generators to provide NESO with Electromagnetic Transient (EMT) models. The reasons for this are set out in the GC0168 proposal form.

The modification will apply retrospectively, requiring existing Generators – who typically lack EMT models – to undertake the complex task of creating one.

CMP456 looks to establish a process for Users to recover the cost of providing these models under a pre-determined process. The result financial figure then needs to be recovered by the BSUoS process.

## Why change?

EMT models are essential for the effective management of the National Electricity Transmission System (NETS) and to ensure that newly connecting Generation plant meet compliance standards. However, the main challenge arises with existing Generation plant, which were not originally designed with EMT models in mind. The control systems in such installations are often unique or outdated, making the process of developing retrospective models both complex and costly. As these efforts offer no direct benefit to the Generator, it is appropriate that the financial burden should not rest with them. Therefore, this modification will provide a suitable cost recovery mechanism is necessary to address this issue.

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

## What is the solution?

### Proposer's Original solution

It is envisaged that the recovery of costs will be via BSUoS External costs (BSUOSEXT). Any cashflow impact as a result of costs incurred should be managed through the existing BSUoS Working Capital Facility.

## Workgroup considerations

The Workgroup convened 3 times to discuss the issue as identified by the Proposer within the scope of the defect, develop potential solutions, and evaluate the proposal in relation to the Applicable Code Objectives.

### Workgroup Discussion ahead of the Workgroup Consultation

#### Charging Arrangements and Claims Process under CMP466

The Workgroup discussed how CMP466 would interact with existing CUSC arrangements, including CMP398. Members noted that CMP466 would not operate through BSC exceptional items and that validated claims would be assessed by NESO and recovered through BSUoS.

The suitability of the external cost parameter was discussed, with some Workgroup members noting ambiguity in the relevant CUSC definitions.

### **BSUoS Tariff background information**

The NESO SME provided a high-level overview of BSUoS tariffs, focusing on:

- What BSUoS charges are and who pays them (final demand sites only since April 2023, including suppliers and directly-connected transmission demand).
- The fixed half-hourly BSUoS tariff structure, with two six-monthly tariffs per charging year, published with three months' notice.
- The volatility of balancing costs and the resulting risk of over- or under-recovery due to the separation of costs and revenues under fixed tariffs.
- The main cost components of BSUoS, including balancing costs (the largest component), internal NESO costs agreed with Ofgem, prior year adjustments, and "other costs" such as those arising from CUSC modifications (e.g. CMP398).
- How over- or under-recovery is carried forward into future tariffs and the circumstances under which tariff resets may occur.

The NESO SME emphasised that balancing costs are inherently uncertain and driven by factors such as wholesale prices, system conditions, and renewable penetration, and that accurate and timely cost information is essential for tariff setting.

The BSUoS presentation has been included in **Annex 03**.

### **Discussion on Recovery of CMP466 Costs Through BSUOS**

Workgroup members discussed how costs arising from CMP466 would be recovered in practice and who would ultimately bear those costs. Some Workgroup members sought clarity on whether costs associated with studies for embedded Generators would be recovered via BSUOS and how this would

interact with DNO roles. Concerns were raised that, if not fully understood, this could appear to create imbalances between different parties.

Through discussion, it was clarified that BSUOS charges are applied to Suppliers and directly connected Transmission demand parties, with Suppliers then recovering those costs across their customer bases.

On this basis, Workgroup members acknowledged that costs recovered through BSUOS are socialised, and that embedded customers are not excluded from contributing via their supplier charges. This clarification addressed initial concerns, and members broadly accepted that recovery of CMP466 costs through BSUOS would not in itself create an inequitable outcome.

### **Medium Power Stations, Embedded Generation and Cross-Code Issues**

The Workgroup discussed the treatment of medium power stations and embedded Generators, particularly where there is no direct contractual relationship between NESO and the Generator.

Workgroup members noted that in such cases NESO may need to rely on DNOs to request EMT models and potentially to act as an intermediary for cost recovery.

Several Workgroup members highlighted that the current framework across the Grid Code, Distribution Code, CUSC and DCUSA is complex and not fully aligned.

It was acknowledged that while technical obligations for medium power stations may exist through the Grid Code and Distribution Code, those arrangements do not clearly address cost recovery mechanisms.

Some Workgroup members considered that CUSC changes alone could be sufficient, with DNOs determining how best to reflect obligations and cost recovery through their own connection agreements. Other Workgroup members cautioned that variability in DNO contractual terms could lead to inconsistent outcomes and suggested that a DCUSA modification might ultimately be required to provide clarity and consistency.

Workgroup members agreed that the issue extends beyond CMP466 alone and represents a broader industry challenge. It was noted that DCUSA Parties are aware of the modifications under development and that related discussions are ongoing.

### **Precedent from Previous Modifications (CMP398 and CMP412)**

Workgroup members discussed the relevance of CMP398 and CMP412 as potential precedents for CMP466. CMP398 was highlighted as an example where costs are recoverable through BSUOS as “other costs”, although it was noted that no claims have yet been submitted under that modification. Some members suggested that CMP398 offers a useful reference for how a claims-based mechanism could operate, while recognising that CMP466 may require a different or simplified approach.

The NESO SME indicated that they would review CMP398 documentation and the associated Ofgem decision to identify any relevant lessons for CMP466. Workgroup members agreed that this review would be helpful in informing further solution development but stressed that CMP466 should not be constrained to directly replicate CMP398 if a different approach is more appropriate.

### **Draft legal text**

Legal text will be drafted after the Workgroup Consultation has been completed.

## **What is the impact of this change?**

This modification impacts NESO and Generators by enabling validated costs associated with EMT model requirements to be recovered through existing BSUoS arrangements. This helps ensure fair cost allocation for system security obligations while avoiding material changes to existing processes or systems.



## Original Proposer's assessment against Code Objectives

Original Proposer's assessment against CUSC (Charging) Code Objectives	
Relevant Applicable Objective	Identified impact
(d) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;	<b>Positive</b> By ensuring that validated costs incurred by CUSC Parties who are obligated by the Grid Code be recovered via BSUoS. This will aid competition in generation by equalising the associated costs faced by existing sites in comparison to new projects
(e) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C11 requirements of a connect and manage connection);	<b>Neutral</b>
(f) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses and the ISOP business*;	<b>Neutral</b>
(g) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	<b>Neutral</b>

(h) Promoting efficiency in the implementation and administration of the system charging methodology.	<b>Neutral</b>
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## When will this change take place?

### Implementation date

10 Business Days after an Authority decision. Ideally this will be in line with GC0168 and CMP456 implementation.

### Date decision required by

The modification should go to the Authority alongside GC0168 and CMP456 so that it has full access to the package of changes proposed.

### Implementation approach

No process or system changes envisaged.

## Interactions

<input checked="" type="checkbox"/> Grid Code	<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 <sup>1</sup>	<input type="checkbox"/> Other modifications	<input checked="" type="checkbox"/> Other

Interactions with CMP456 and GC0168 as together they offer the full package solution for the issue.

Potential impact on Distribution Connection and Use of System Agreement (DCUSA) if EMT models are required for Licence Exemptible Embedded Medium Power Stations, such parties are likely not party to the CUSC, so therefore cannot access the recovery mechanism.

## 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. Do you agree with the Workgroup's assessment that the modification does/does not impact the European Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?

### Specific Workgroup Consultation questions

6. Do you agree that it is appropriate to recover charges through BSUOS?

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](mailto:cusc.team@neso.energy) using the response proforma which can be found on the [CMP466](#) 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
BSC	Balancing and Settlement Code

BSUoS	Balancing Services Use of System
BSUoSEXT	Balancing Services Use of System External Costs
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
DCUSA	Distribution Connection and Use of System Agreement
DNO	Distribution Network Operators
EBR	Electricity Balancing Guideline
EMT	Electromagnetic Transient
ISOP	Independent System Operator and Planner
NETS	National Electricity Transmission System
NESO	National Energy System Operator
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions

## Reference material

- [GC0168](#): Submission of Electro Magnetic Transient (EMT) Models
- [CMP398](#): GC0156 Cost recovery mechanism for CUSC Parties
- [CMP456](#): Cost recovery for legacy plant in relation to GC0168

## Annexes

Annex	Information
Annex 01	CMP466 Proposal form
Annex 02	CMP466 Terms of reference
Annex 03	CMP466 BSUoS presentation