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## CUSC Modification Proposal Form

### CMP476: Correction to Section 15 of the CUSC

**Overview:** This modification corrects an unintended inconsistency in how the Global Asset Re-Use Factor is described in Section 15 of the CUSC compared how it is described in associated documents and applied in practice.

#### Modification process & timetable

1	<b>Proposal Form</b> 07 May 2026
2	<b>Code Administrator Consultation</b> 27 May – 17 June 2026
3	<b>Draft Final SG Modification Report</b> 23 July 2026
4	<b>Final SG Modification Report</b> 31 July 2026
5	<b>Appeals Window</b> 11 August – 02 September 2026
6	<b>Implementation</b> 09 September 2026

**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

This modification is not expected to have a material impact on any party.

#### Proposer's recommendation of governance route

Self-Governance modification to proceed to Code Administrator Consultation

#### Modification Category

CUSC Non-Charging Objectives

#### Who can I talk to about the change?

##### Proposer:

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##### Code Administrator Contact:

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## What is the issue?

During a CMP447 (Removal of designated strategic works from cancellation charges/securitisation) Workgroup, a Workgroup member identified inconsistencies in how the Global Asset Re-use Factor (GARF) is described in Section 15 of the CUSC versus how it was intended and applied in practice. Specifically, the CUSC states that the wider CAPEX is “[...] multiplied by the User Risk Factor and the Global Asset Re-use Factor, as set out in the Annual Wider Cancellation Charge Statement”. It should instead state that the wider CAPEX is “[...] reduced by [...] the Global Asset Re-use Factor [...]”. This modification proposal is intended to correct that inconsistency.

## Why Change?

The GARF is a fixed factor used within the CUSC User Commitment wider cancellation charge calculation methodology. It reflects the likelihood that a proportion of transmission assets procured for wider reinforcement works could be reused if generation projects were to cancel. GARF is set at 33%, which represents that a Transmission Owner could reasonably expect to reuse 33% of assets overall, on average, on other projects (for example, transferable assets such as transformers).

Under the User Commitment methodology in CUSC Section 15, GARF is applied by reducing the wider Value at Risk (VAR). In practice, this means that the wider VAR is reduced by GARF before calculating wider cancellation charge liabilities. This avoids over-recovering cancellation charges from users for assets that are not economically wasted if a project does not proceed.

It is important that the CUSC accurately reflects this arrangement, and that it is consistent with the wider annual cancellation charge statement, and the CMP192:Arrangements for Enduring Generation User Commitment Guidance Document.<sup>1</sup>

## What is the Proposer’s solution?

CUSC Section 15, Paragraph 3.8 should be amended in accordance with the draft legal text provided below. It should clarify that both load-related and non-load-related boundary capex are reduced by the GARF, rather than multiplied by the GARF. The User Reduction Factor (URF) dilution remains applicable.

<sup>1</sup> The CMP192 Guidance Document can be found at the following address:  
<https://www.neso.energy/document/46251/download>

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## Draft Legal Text

The following changes are made within part 3.8 (Wider Cancellation Charge) of CUSC Section 15 :

Where **Load Related Boundary Capex** is the capex required to increase capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, ~~multiplied~~ reduced by ~~each of~~ the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.

Where **Non Load Related Boundary Capex** is the capex required to maintain capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, ~~multiplied~~ reduced by ~~each of~~ the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.

Where the **User Risk Factor** is the share of total risk between generation and consumers, set at 0.5.

Where the **Global Asset Reuse Factor** for a given **Financial Year** is ~~the percentage of the wider transmission assets which, on average, a Transmission Owner could potentially reuse on another project~~, as set out in the **Annual Wider Cancellation Charge Statement**.

The legal text can be found in **Annex 01**.

## What is the impact of this change?

There will be no material impact on any party.

## 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*;	<b>Neutral</b> No Impact
(ii) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith)	<b>Neutral</b>

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facilitating such competition in the sale, distribution and purchase of electricity;	No Impact
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	<b>Neutral</b> No Impact
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<b>Positive</b> The change will provide greater clarity in the CUSC, and consequently greater efficiency in administration of the CUSC arrangements.

\* See Electricity System Operator Licence

\*\*The Electricity Regulation referred to in objective (iii) 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.

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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	<b>Neutral</b> No impact.
Lower bills than would otherwise be the case	<b>Neutral</b> No impact.
Benefits for society as a whole	<b>Neutral</b> No impact.
Reduced environmental damage	<b>Neutral</b> No impact.
Improved quality of service	<b>Neutral</b> No impact.

## When will this change take place?

5 Business Days following the Appeals Window.

## Date decision required by

31 July 2026.

## Implementation approach

Simple legal text changes to Section 15 of the CUSC.

## Proposer's justification for governance route

Governance route: Self-Governance modification to proceed to Code Administrator Consultation

This proposal is explicitly corrective. It will not alter operations or outcomes. It will simply remove ambiguity by ensuring that the CUSC accurately reflects how GARF is applied in practice. For the avoidance of doubt, the proposal will not have a material effect on:

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- i. existing or future electricity consumers; and
- ii. competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity; and
- iii. the operation of the National Electricity Transmission System; and
- iv. matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
- v. the CUSC's governance procedures or the CUSC's modification procedures.

Neither will the modification proposal discriminate between different classes of CUSC parties, and it does not constitute an EBR amendment. For those reasons, we believe that the modification meets the Self-Governance criteria.

## Interactions

☐ Grid Code      ☐ BSC      ☐ STC      ☐ SQSS  
☒ European Network Codes    ☐ EBR Article 18 T&Cs<sup>1</sup>      ☐ Other modifications      ☐ Other

## None

## Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
GARF	Global Asset Re-Use Factor, as described herein
GC	Grid Code
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
T&Cs	Terms and Conditions

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URF	User Reduction Factor
VAR	Value at Risk

## Annexes

Annexes	
Annex 01	CMP476 Legal Text