

Anthony Pygram
Independent Chair, CUSC Panel
c/o National Energy System Operator
Faraday House, Gallows Hill
Warwick, CV34 6DA

Date: 27 April 2026

Delivered by email

Dear Anthony,

Decision on CUSC Modification Panel’s recommendation for CMP474¹ ‘Fixed BSUoS Price reset mechanism’ to be treated as an Urgent CUSC Modification Proposal.

On 14 April 2026, Centrica (the ‘Proposer’) raised CMP474 (the ‘Proposal’). This Proposal concerns the Balancing Services Use of System (‘BSUoS’) tariff reset process within the Connection and Use of System Code (‘CUSC’). BSUoS charges are used to recover the costs incurred by the National Energy System Operator (‘NESO’) in balancing the electricity system and are currently set as fixed tariffs over defined periods. CMP474 seeks, in response to increased volatility in balancing costs, to introduce in the CUSC a clear, defined process mechanism to be followed by the NESO for potential resetting of the fixed BSUoS price.

The CUSC Modifications Panel (the ‘Panel’) considered the Proposer’s urgency request at its meeting on 21 April 2026. The Panel unanimously agreed that CMP474 meets Ofgem’s Code Modification Urgency Criteria² and recommended that the Proposal should be treated as an Urgent CUSC Modification Proposal. Following the Panel meeting, we³ received a formal request for CMP474 to be treated as urgent⁴. We have considered

¹ [CMP474: Fixed BSUoS Price reset mechanism | National Energy System Operator](#)

² [Ofgem Guidance on Code Modification Urgency Criteria | Ofgem](#)

³ References to the “Authority”, “Ofgem”, “we”, and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

⁴ [CMP474 Urgency Request Letter v2.0.pdf](#)

both the Panel’s and the Proposer’s arguments. We have decided that CMP474 should be progressed on an urgent basis. We set out our reasoning below.

Background

BSUoS charges are the means by which NESO recovers the costs associated with balancing the electricity transmission system in Great Britain (GB). These charges are levied on Final Demand consumers in GB based on the amount of energy imported from the transmission network.

BSUoS charges are currently set as fixed tariffs over defined periods, following changes introduced through CMP408⁵ and CMP415⁶, which established 12-month fixed price periods with seasonal splits and a minimum notice period.

Under the current arrangements, NESO is able to reset BSUoS tariffs within a fixed period where it forecasts a material under-recovery of costs. However, there is no codified criteria set out in the CUSC for how and when NESO should reset tariffs. In our decision on CMP415, we stated *“The tariff stability anticipated from the arrangements approved in CMP408 & CMP415 should be complemented by clear tariff reset mechanisms adopted by NESO. We expect NESO to incorporate these mechanisms into the CUSC to provide greater certainty for all parties”*. To date this has not been implemented.

The Proposal

The Proposal seeks to amend CUSC Section 14 to introduce a new codified process for NESO to follow should they forecast an under-recovery of BSUoS beyond a set limit and in any resulting resetting of BSUoS tariffs. This would set out the minimum information NESO must publish in advance, specify expectations for Working Capital Facility (‘WCF’) utilisation where a reset is required, and establish a minimum notice period for resetting BSUoS tariffs.

The Proposer has highlighted one of the three urgency criteria in its request for urgency: (a) *a significant commercial impact on parties, consumers or other stakeholders*. The Proposer argues that urgency is required because geopolitical instability has driven energy price impacts, increasing volatility in balancing costs and a rapid depletion of NESO’s BSUoS WCF. Citing NESO’s recent forecasts, which show a deterioration in BSUoS recovery since February 2026 and full exhaustion of the WCF by October or November 2026, the Proposer argues that this increases the likelihood of a tariff reset, exposing suppliers to unrecoverable costs and creating a risk of higher prices for consumers.

⁵ [Decision on CMP408: Allowing consideration of a different notice period for BSUoS tariff settings](#)

⁶ [Decision on CMP415: Amending the Fixed Price Period from 6 to 12 months](#)

The Proposer argues that if the risk of BSUoS price reset is not addressed suppliers will be exposed to costs they cannot recover or will fund from their business until (or if) the domestic price cap is adjusted. This, they consider, could result in significant price increases for exposed customers; a significant risk for both suppliers and consumers.

Panel View

The Panel considered the request for urgency by reference to Ofgem's Guidance on Code Modification Urgency Criteria. At its meeting on 21 April 2026 the Panel unanimously agreed to recommend to Ofgem that CMP474 should be progressed as an Urgent Modification Proposal. The full arguments in respect of urgent treatment are set out in the letter from the Panel.

Our decision

In reaching our decision on urgency we have considered the details within the Proposal, the justification for urgency, the views of the Panel, and the proposed timeline. We have also assessed the request against the urgency criteria set out in our published guidance.

In the context of geopolitical instability and increased volatility in balancing costs and the potential for pressures on the NESO BSUoS WCF, the timing of this Proposal is an important factor in our consideration of urgency.

We are satisfied that the Proposal is relevant to a potential issue which, if it were to materialise could result in significant commercial impact on parties and consumers, insofar as the resetting of fixed BSUoS tariffs with limited notice would cause disruption to the market and likely increase costs to consumers. While we requested that clear tariff reset mechanisms be incorporated into the CUSC in our decision on CMP415 almost eighteen months ago, and note that to date this has not been completed, we consider that recent geopolitical instability and its impacts on energy prices could not have been reasonably foreseen by industry. The Proposal, if approved, could mitigate the acute detrimental impact of this on parties and consumers, and as such should be progressed on an urgent timeline.

We therefore consent to this modification proposal being treated as urgent.

We agree the modification should follow the overall timeline set out below, with a five working day Code Administrator Consultation, and the provision of the Final Modification Report being sent to us no later than 10 July 2026.

Modification Stage	Date
Ofgem Decision on Urgency	By 5pm on 27 April 2026
Code Administrator Consultation	23 June - 29 June 2026
Draft Final Modification Report (DFMR) issued to Panel	07 July 2026
Final Modification Report issued to Panel	10 July 2026
Final Modification Report issued to OFGEM	10 July 2026

For the avoidance of doubt, in granting the request for urgency, we have made no assessment of the merits of the Proposal and nothing in this letter in any way fetters our discretion in respect of the Proposal.

Yours sincerely,

James Stone

Head of Electricity Network Charging - Energy Systems Management & Security

Duly authorised on behalf of the Authority