Public

Code Administrator Consultation

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

Have 5 minutes? Read our Executive summary
Have 60 minutes? Read the full Code Administrator Consultation
Have 120 minutes? Read the full Code Administrator Consultation and Annexes.

Status summary: We are now consulting on this proposed change.

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

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

Who can I talk to about the change?	**Proposer:** Harvey.takharl@neso.energy 07707 176265	**Code Administrator Contact:** cusc.team@neso.energy
How do I respond?	Send your response proforma to cusc.team@neso.energy by **5pm** on **17 June 2026**.	

Contents

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. [1]

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.

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

Draft Legal Text

Following feedback from a Panel member on the proposed legal text, the Proposer amended the legal text for CMP476. The changes were presented to the CUSC Panel on 22 May 2026; the Panel agreed with the suggested amendments. The updated legal text can be found in **Annex 02**.

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*;	**Neutral** No Impact
(ii) 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;	**Neutral** No Impact
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	**Neutral** No Impact
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	**Positive** 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.*

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

Interactions

☐Grid Code ☐BSC ☐STC ☐SQSS
☐European Network Codes ☐ EBR Article 18 T&Cs[1] ☐Other modifications ☐Other

None

How to respond

Code Administrator Consultation questions

- Please provide your assessment for the proposed solution against the Applicable Objectives versus the current baseline.
- Do you support the proposed implementation approach?
- Do you have any other comments?
- Do you agree with the Proposer's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?

Views are invited on the proposals outlined in this consultation, which should be received by **5pm** on **17 June 2026**. Please send your response to cusc.team@neso.energy using the response pro-forma which can be found on the modification page.

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 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
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
URF	User Reduction Factor

VAR	Value at Risk

Annexes

Annexes	
Annex 01	CMP476 Proposal Form
Annex 02	CMP476 Legal Text
Annex 03	CMP476 Self – Governance Statement