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CUSC Modification Proposal Form

CMP478: Clarifying Protection Clause 2a

Overview: As part of connections reform, NESO is required to issue Gate 2 agreements to projects with 2a protection status between March and May 2026. Having missed this timeline for some projects, this proposal requires NESO to issue Gate 2 offers to 2a protected projects that are to be connected in 2026 or 2027.

Modification process & timetable



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: High impact Generators, TOs, NESO and DNOs

Proposer's recommendation of governance route	Urgent modification to proceed under a timetable agreed by the Authority (with an Authority decision)
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Who can I talk to about the change?	Proposer: Mike Ryan Kirkby Battery Storage Limited mike@constantineenergystorage.com 07739 021929	Code Administrator Contact: cusc.team@neso.energy
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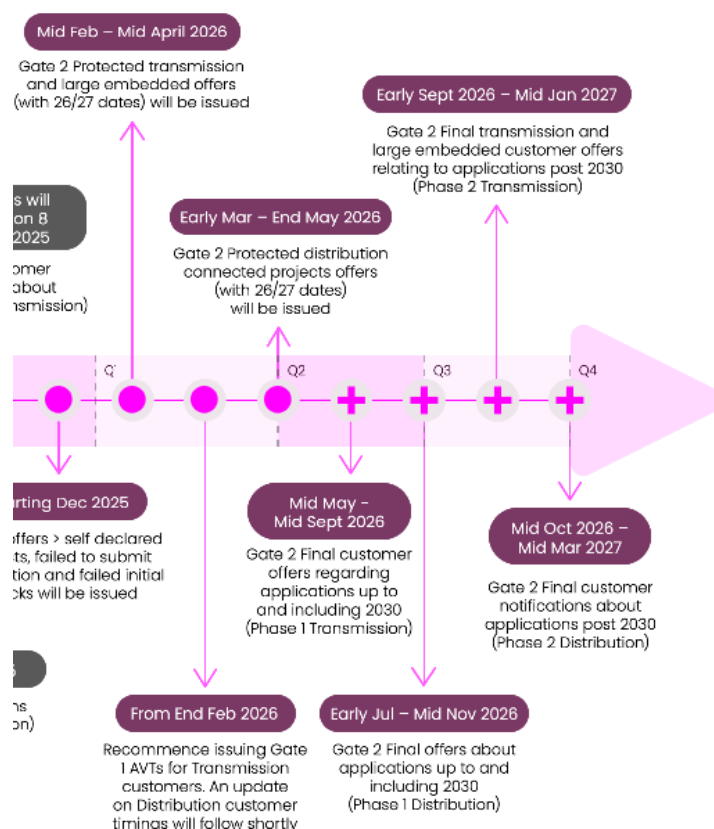
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What is the issue?

The CUSC sets out how the National Energy System Operator (NESO) is to issue a Gate 2 Modification Offer for Existing Agreements (EA). This is contained in Section 18 'Gated Process for Projects with Existing Agreements', paragraph 18.14.1:

18.14.1. Where the **Existing Agreements for a Project** have been given the status of **Gate 2 Existing Agreements**, a **Gate 2 Modification Offer** shall be provided by **The Company** in respect of the **Existing Agreements** for a **Project** within the timescales specified for this in the **EA Timetable**.

NESO's published EA timeline – as of June 2026 – for issuing Gate 2 Connection Offers shows that it proposes to issue connection agreements to 2a protected projects in the period March to May 2026 as shown below¹:



¹ <https://www.neso.energy/industry-information/connections-reform/connections-reform-timeline>

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The timeline shows that protected distribution connected offers (with 26/27 dates) will receive Gate 2 offers before the end of May 2026. NESO however has interpreted this requirement to apply only to firm connection offers. Non-firm connection offers (in 2026 and 2027) are being classified as “Gate 2 Final offers about applications up to and including 2030 (Phase 1 distribution)”. This indicates that Gate 2 Connection Offers will be offered by mid November 2026.

In some cases, projects with phase 1 non-firm connections (accepted by NESO in its role as the Capacity Market Delivery Body) are being pushed back into Phase 2, hence undermining the delivery of capacity agreements in 2028 and 2029.

Why change?

The criteria by which NESO decides whether a project should receive a Gate 2 offer is set out in the Gate 2 Criteria Methodology². This Methodology – approved by Ofgem – draws no distinction between firm connection agreements and agreements with GSP Technical Limits. Thus, NESO is operating beyond the Gate 2 Criteria Methodology. That is, for the purposes of deciding which Protection class a project belongs to, NESO is taking the non-firm delivery date – and hence the Proposer received a Protection 2a offer. However, for the purposes of issuing the Gate 2 Connection Offer, NESO is interpreting only the firm element of the offer and hence is delaying the issuing of a Connection Offer. The Proposer notes that a Connection Offer under Protection Clause 2a should mean that the connection date and Point of Connection (POC) are honoured. However, the Proposer understands – from Ofgem letters – that Protection under Clause 2a is not in fact leading to the connection date and POC being honoured.

This modification proposal seeks to clarify that the Gate 2 Criteria Methodology should assess projects on the basis of their connection date, whether that is firm or non-firm. This is the basis that NESO accepts connection agreements for the purposes of the Capacity Market (CM). As such, all projects with Protection 2a should receive Gate 2 offers in the period March to May 2026, or as soon as

² <https://www.neso.energy/document/375016/download>

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practicable after that time period. Given the timing of this modification proposal, it is proposed that all Gate 2 offers with Clause 2a protections must be made by the end of July 2026.

What is the Proposer's solution?

Where the Gate 2 Criteria Methodology is referred to, and is defined, the CUSC should be amended to ensure that NESO does not distinguish between the connection date for the purposes of Protection definition and issuing a Gate 2 Connection Offer. That is, the connection date for the purposes of Protection definition should be the same as when NESO is required to issue Gate 2 Connection Offers. However, recognising that the end of the first offer window was at the end of May, the Proposer suggests that NESO be required to issue all Gate 2 connection offers, for Protection Clause 2a, by the end of July 2026.

The Proposer recognises that the Gate 2 Criteria Methodology lies outside the CUSC and is imposed by way of a licence condition on NESO. However, the treatment of firm vs non-firm connection offers is not contained in the Gate 2 Methodology. Hence, since such distinction is not in the Gate 2 methodology, the Proposer considers that it is a matter for the Code as to what the Methodology does and does not cover. The Proposer notes, inter alia, that the Gate 2 Criteria Methodology refers to the "EA timetable" which makes no distinction between firm and non-firm offers, merely that all protected offers with connection dates in 2026 and 2027 should receive a connection offer by the end of May 2026.

Draft legal text

Add to Paragraph 18.10.1.4 (in red):

The Project will be assessed against the **Gate 2 Criteria**. In assessing such **Gate 2 Criteria**, **The Company** shall draw no distinction between an enduring and GSP Technical Limits offer. **The Company** shall make a **Gate 2 Modification Offer** by the end of July 2026.

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Section 11

Add to definition of **Gate 2 Criteria** (in red): the criteria which a **Gate 2 Application** and **EA Request** has to meet as set out in the **Gate 2 Criteria Methodology**; **such criteria not to distinguish between Enduring and GSP Technical Limits offer.**

What is the impact of this change?

There will be an impact on Generators who will receive Connection Offers earlier than currently envisaged by NESO. This will accelerate the delivery of CP30 compliant generation. The Proposer considers that since the proposal does not alter the firm connection date, just the timing of the Connection Offer, there will be no impact on the design processes of NESO and the Transmission Owners (TOs) since the offered firm date is not affected by this proposal.

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*;	Positive NESO will be required to discharge its duties contained in its licence more effectively, and consistent with the methodology established under the licence.
(ii) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent	Positive Accelerating the connection of CP30

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therewith) facilitating such competition in the sale, distribution and purchase of electricity;	compliant generation will enhance competition between Generators.
(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	Neutral
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive Complying with the Methodology should result in more efficient implementation of the Gate 2 methodology.

* See *Electricity System Operator Licence*

***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.*

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	Positive The move to a low or zero carbon electricity system is part of Government policy. Most recently, the Government (following advice from NESO) has published the CP30 Action Plan. This

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	envisages around 30GW of batteries being necessary for the operation of the electricity system by 2030. Accelerated connection of batteries, including the Proposer's project, is therefore necessary to maintain the reliability of the system.
Lower bills than would otherwise be the case	Positive The Government's view is that a move to renewable generation will, over time, lead to lower bills for consumers than would be the case if there was continued reliance on fossil generation. By supporting the business case for battery storage, this path to lower bills will be accelerated.
Benefits for society as a whole	Positive The Government's energy policy has been developed over many years and several Governments. Landmarks on this journey include the British Energy Security Strategy 2022 and the Energy Security Act 2023 as well as the CP30 Action Plan of December 2024. It can be seen from the above review that the national policy message on energy security is strong and unambiguous. There is a clear need to ensure security of supply through the development of a diverse energy generation system to support the increased deployment of renewable energy, increased peak demands and the move to electric vehicles.

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	Batteries are considered to be a key component of the future energy mix in the UK under all scenarios. The existing storage provision will need to increase significantly by 2030 to be on track to achieve net zero by 2050. The Proposer's development would provide the type of significant capital investment that the Government envisaged would come forward through the mechanisms promoted through Energy Market Reforms.
Reduced environmental damage	Positive It is clear that the move to renewable electricity provision, of which battery storage is a vital element, will reduce environmental damage.
Improved quality of service	Neutral

When will this change take place?

Implementation date:

30 July 2026

Date decision required by

30 June 2026

Implementation approach

It is proposed that the proposal goes straight to Code Administration Consultation. There is no analysis to be developed. This new proposed timetable – end of July 2026 – will bring all contracts with Clause 2a protections delivering in 2026 and 2027 forward compared to the November r date that NESO is suggesting in the EA timeline.

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Proposer's justification for governance route

Governance route: Urgent modification to proceed under a timeline agreed by the Authority (with an Authority Decision).

The Proposer has been developing its project – with a 2027 capacity agreement – on the basis that – according to the EA timetable – a Connection Offer would be made by the end of May 2026. As such, financing for the construction timeline was set up reflecting this timetable. However, UKPN has indicated that NESO is targeting an October 2026 offer date, which implies acceptance of such offer – even if correctly drafted – would not be likely before the end of 2026. As such, the Proposer's project may be unfinanceable. Work would be delayed for 9 months or so, jeopardising the delivery of the Generator to support the CM contract. As such, the Proposer considers that there is an immediate and unforeseeable commercial impact. Had NESO operated in line with the EA timetable as drafted, this commercial impact would have been manageable. With NESO's current interpretation of its own timetable, this commercial impact is unmanageable.

Interactions

☐ CUSC ☐ BSC ☐ STC ☐ SQSS
☐ European ☐ EBR Article 18 ☐ Other ☐ Other
 Network Codes T&Cs¹ modifications

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code

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CM	Capacity Market
CP30	Clean Power 2030
CUSC	Connection and Use of System Code
DNOs	Distribution Network Operators
EA	Existing Agreements
EBR	Electricity Balancing Regulation
GC	Grid Code
GSP	Grid Supply Point
NESO	National Energy System Operator
POC	Point of Connection
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
T&Cs	Terms and Conditions
TO	Transmission Owner
UKPN	UK Power Networks

Annex	Information
Annex 01	CMP478 - Legal Text