

Special CUSC Panel

Friday 19 June 2026

Online Meeting via Teams

WELCOME

Purpose of Panel & Duties of Panel Members

The **Panel** shall be the standing body to carry out the **functions** referred to in CUSC – Section 8 CUSC Modification (8.3.3)

The **Panel** shall endeavour at all time to operate:

- In an **efficient, economical and expeditious manner**, taking account of the complexity, importance and urgency of particular CUSC Modification Proposals; and
- With a view to ensuring that the CUSC facilitates **achievement of the Applicable CUSC Objectives**.

Duties of Panel Members & Alternates (8.3.4)

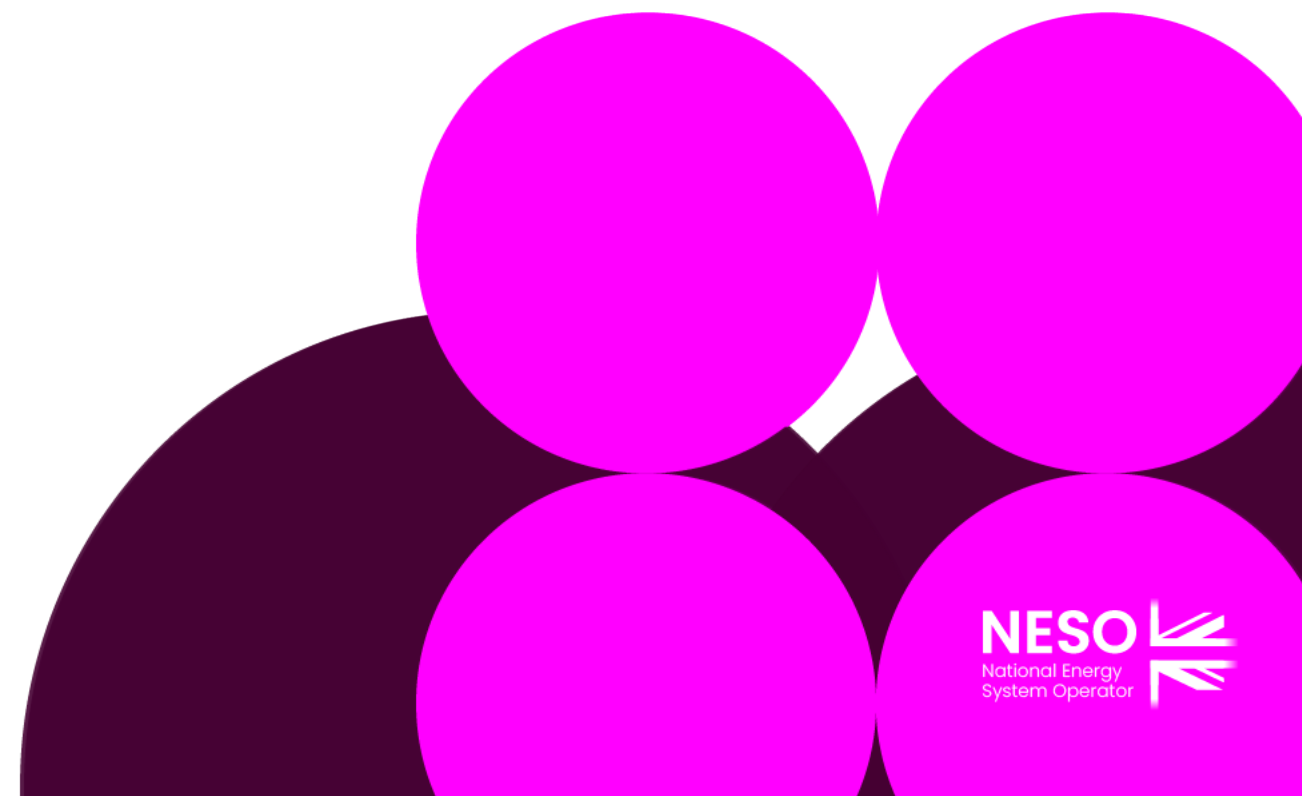
1. Shall act **impartially** and in accordance with the requirements of the **CUSC**; and
2. Shall not have any **conflicts of interest**.

Shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he/she was appointed as Panel Member and any Related Person from time to time.

New Urgent Modification

CMP478: Clarifying Protection Clause 2a

Mike Ryan, Kirkby Battery Storage Limited



CMP478 Critical Friend Feedback

Code Administrator comments	Amendments made by the Proposer
Minor grammatical suggestions Updated Acronyms table Updated CUSC objectives to non-charging Developed Timeline Checked legal text defined terms	All accepted



CMP478

Kirkby Battery Storage Limited

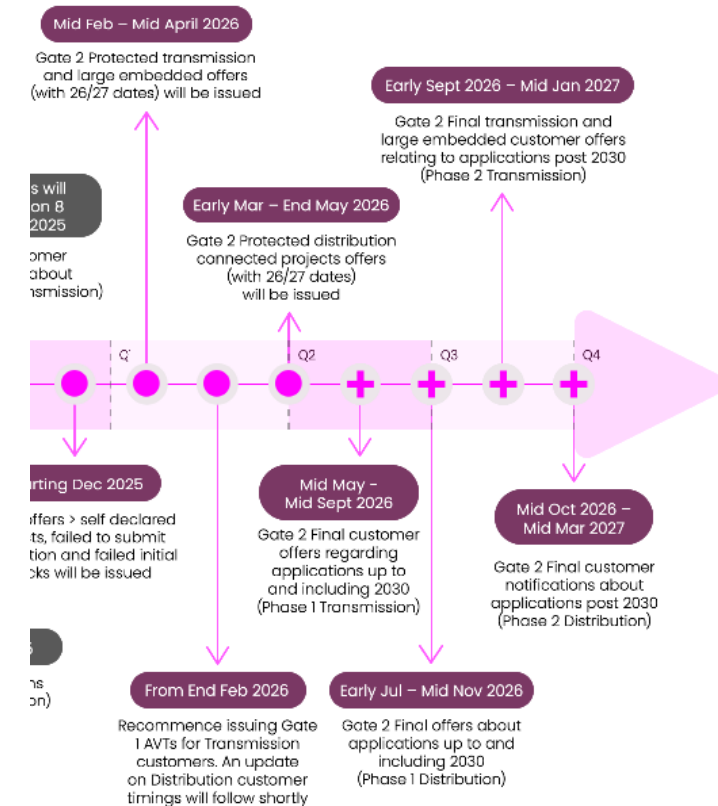
Clarifying Protection Clause 2a

Who are we?

- PD100NIN Ltd (Boreham Street) has same parent company as Kirkby Battery Storage Ltd
- It has a firm connection agreement for 2029 delivery, with a 2027 GSP Technical Limits offer from UKPN
- A 2027 CM agreement is in place
- Project remains on course to connect by October 2027
- Significant expenditure is due in Summer 2026 to meet October 2027 date

What is the issue?

- The EA timeline says Protected Clause 2a Gate 2 offers 2026/27 delivery will be made by end of May 2026
- NESO says this timeline only applies to firm offers
- NESO says that other Clause 2a Gate 2 2026/27 offers are to be delivered by mid November 2026
- NESO accepts non firm agreements for the capacity market
- Inconsistency between published EA timeline and NESO approach



Why change?

- Gate 2 methodology does not distinguish between firm and non firm (GSP Technical Limits) offers
- NESO accepts non firm status in determining Clause 2a protection (and CM agreement)
- However, NESO does not accept non firm status in issuing its Gate 2 offer
- Conclusion: NESO is not complying with its timeline or its Gate 2 methodology

The solution?

- The distinction between firm and non-firm agreements is not in the Gate 2 methodology
- So, propose CUSC is clear that the Gate 2 methodology cannot distinguish between firm and non-firm

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.**

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 and Enduring and GSP Technical Limits offer.**

Chosen route?

- Major expenditure required during Summer 2026 to reach October 2027 date
- Major expenditure cannot be achieved without funding in place
- Debt funding cannot be drawn down until Gate 2 offer confirms 2027 non-firm connection date
- Funding arrangement was dependent on the NESO published timeline – end of May 2026
- Lack of funding means project will be delayed or cancelled and CM delivery year will be missed
- NESO's interpretation of the EA timeline results in an immediate and unforeseeable commercial impact, and hence urgency is requested
- Since no analysis is required, it is proposed that the modification proceeds direct to CAC
- Decision requested by 30 June, with implementation by 31 July

Proposer's Justification vs Ofgem's Urgency Criteria

The Proposer recommends that this modification should be treated as an Urgent Modification proposal and proceed directly to Code Administrator Consultation.

Ofgem's Urgency Criteria	Proposer's Justification
a) A significant commercial impact on parties, consumers or other stakeholder(s).	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.
b) A significant impact on the safety and security of the electricity and/or gas systems.	n/a
c) A party to be in breach of any relevant legal requirements	n/a

CMP478 Asks of Panel

- **AGREE** that this Modification has a clearly defined defect, scope and solution
- **AGREE** that this Modification should proceed directly to Code Administrator Consultation
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **VOTE** whether or not to recommend Urgency
- **AGREE** timetable for Urgency
- **NOTE** next steps:
 - Under CUSC Section 8.24.4, we will now consult the Authority as to whether this Modification is an Urgent CUSC Modification Proposal
 - Letter to be sent to Ofgem 19 June 2026
 - Ofgem approval of Urgent treatment sought by 5pm on 26 June 2026
 - Code Administrator Consultation to be run from 29 June 2026 to 03 July 2026

CMP478 Proposed Urgent Timeline – Special Panels

Milestone	Date	Milestone	Date
Modification presented to Panel	19 June 2026 (Special Panel)	Final Modification Report issued to Panel to check votes recorded correctly (1 business days)	10 July 2026
Ofgem grant Urgency	26 June 2026 (5pm)	Final Modification Report issued to Ofgem	10 July 2026
Code Administrator Consultation	29 June 2026 to 03 July 2026	Ofgem decision (5 Business Days)	17 July 2026
Draft Final Modification Report (DFMR) issued to Panel (5 Business Days)	08 July 2026	Implementation Date Ideally no less than 1 business day after Ofgem decision	31 July 2026
Panel undertake DFMR recommendation vote	10 July 2026 (Special Panel)		

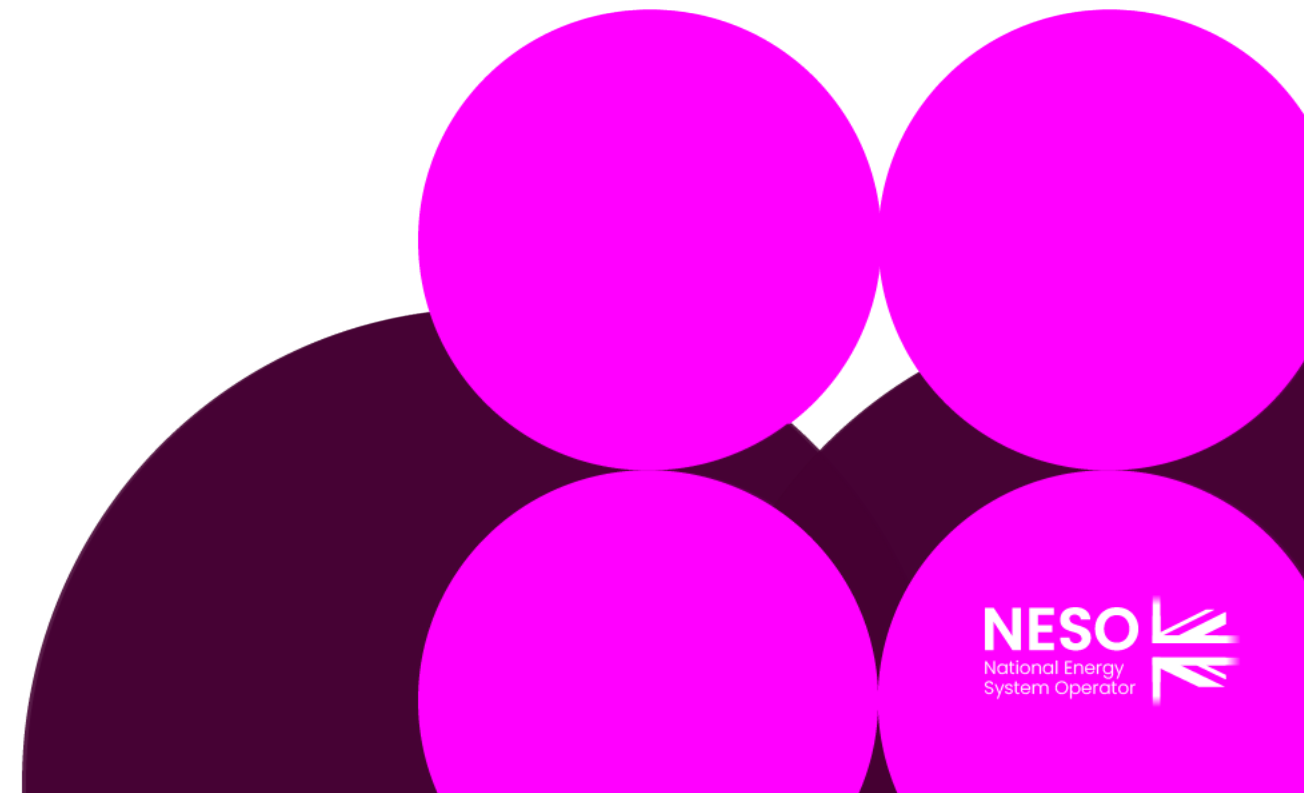
Workgroup Reports

- CMP470: Introducing an Oversubscribed Technologies Commitment Fee
- CMP474: Fixed BSUoS Price Revision Mechanism
- CMP475: Amendment to the BSUoS tariff reset process

Workgroup Report

CMP470: Introducing an Oversubscribed
Technologies Commitment Fee

Catia Gomes



Solutions

Summary of solutions:

- **Proposer's Original solution – Introducing an OTCF**

Seeks to introduce a floor on securities through an Oversubscribed Technologies Commitment Fee for all technologies which are oversubscribed relative to Clean Power 2030 capacity targets.

- **WACM1 solution – OTCF Limit**

Seeks to limit the Oversubscribed Technology Commitment Fee (OTCF) floor at the maximum security that a project would be required to place under its existing security profile.

- **WACM2 solution – Disapplication when all Queue Management Milestones are met**

Seeks to disapply the OTCF to projects where they have met all Queue Management Milestones.

- **WACM3 solution – Liabilities Floor**

The finalised solution seeks to:

1. The OTCF commences at a value of £2k/MW with increments of £2k/MW at each 6 monthly charging blocks if oversubscription has reduced by less than 25%, up to a maximum level of £8k/MW
2. The OTCF value is a floor on the project liabilities. Securities are then calculated from the liabilities value as per the existing CUSC methodology.
3. The OTCF is disapplied when all Queue Management Milestones have been met (as in WACM2)

Solutions

Summary of solutions:

- **WACM4 solution – Included co-located and staged projects within scope**

Co-located and staged projects of oversubscribed technologies remain liable for the OTCF regardless of whether the second and subsequent connection has no attributable works or connection costs.

- **WACM5 solution – Two-Stage OTCF**

The finalised solution proposes:

1. A two-stage OTCF structure based on the project connection date, with a lower far-term OTCF rate for pre-Trigger Date.
2. A limit preventing the OTCF exceeding the project's maximum Cancellation Charge Secured Amount at each biannual securities statement.
3. The OTCF is disapplied when all Queue management milestones have been met.

- **WACM6 solution – OTCF limit and no exceptions for co-located projects**

Seeks to limit the OTCF at the maximum security that a project would be required to place under its existing security profile (as in WACM1). The solution also includes that there are no exceptions for co-located projects (as in WACM4).

Workgroup Vote

Summary of Workgroup Vote:

The Workgroup concluded by majority (out of 36 votes noting that one member chose to abstain from the vote) that the Original and WACM4 better facilitated the Applicable Objectives than the Baseline.

Option	Number of voters who considered that this option better meets the Applicable Objectives than the Baseline	Numbers of voters who considered that this option <u>does not</u> better meet the Applicable Objectives
Original	24	12
WACM1	17	19
WACM2	17	19
WACM3	14	22
WACM4	19	17
WACM5	16	20
WACM6	16	20

Terms of Reference

The Workgroup conclude that they have met their Terms of Reference, and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications.	Pages 63, 64, 102, 110
b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.	Page 76, 77, 102
c) Consider how the de-activation process would work	Pages 11, 12, 18, 19, 53, 54, 78, 79, 102, Annex 04
d) Consider to whom any funds arising would be paid to, and how, if the OTCF was realised (for relevant projects).	Page 18, 60, 102
e) Consider how the co-location process would be applied where one technology is oversubscribed and the other not.	Page 16, 17, 57, 58, 71-73, 102
f) Consider how the co-location process would be applied where both technologies are oversubscribed, but one technology was ahead of the other (so the £/MW level is at a different quantum).	Pages 16, 17, 71-73, 103

Terms of Reference

The Workgroup conclude that they have met their Terms of Reference, and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
g) Consider whether the targeted fee facilitates competition by assessing to what extent overall project viability (and hence cost of risk of incurring the fee) is related to economic competitiveness should a project become viable.	Pages 29–32, 52, 53, 42, 57, 64, 103
h) Consider whether the increased costs to Generators will be offset by the benefits in network planning resulting in a net benefit.	Page 48, 49, 57, 103
i) Consider whether the solution/s will bring the connection queue closer to the strategic capacity set out in CP30.	Pages 9, 10, 25–29, 33, 34, 48–55, 65–70, 73, 74, 103 Annexes 08, 09, 14

CMP470 Asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **NOTE** the ongoing timeline

CMP470 Next Steps

Milestone	Date
Code Administrator Consultation (5 Business Days due to urgency)	23 June 2026 to 5pm on 30 June 2026
Draft Final Modification Report issued to Panel	6 July 2026
Draft Final Modification Report presented to Panel	10 July 2026
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	10 July 2026
Submission of Final Modification Report to Ofgem	14 July 2026
Ofgem decision date	TBC
Implementation Date	10 Business Days after Authority Decision

Workgroup Report

CMP474: Fixed BSUoS Price Revision Mechanism

Catia Gomes (Workgroup Chair)

Solution and Workgroup Vote

Solution:

- To introduce a codified CUSC revision mechanism for Fixed BSUoS Prices, requiring NESO to publish within 5 Business Days the defined minimum information and trigger notices when forecast working capital utilisation threshold is met. NESO must publish the required information when it is forecasting that more than 50% of BSUoS Working Capital Facility will be utilised. If deemed necessary, NESO can revise a tariff to reduce BSUoS Working Capital Facility utilisation to no less than 75% (50% if the revised price applies for 2 or 3 quarters) and would be subject to a minimum notice period (3 months before the start of a price cap period) to support inclusion in the retail price cap process.

Summary of Workgroup Vote:

- The Workgroup concluded by majority that the Original better facilitated the Applicable Objectives than the Baseline.

Terms of Reference

The Workgroup conclude that they have met their Terms of Reference, and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications	Page 24
b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.	Pages 10 to 23
c) Consider the trade-off between NESO and Supplier cashflow risks.	Pages 10 to 13
d) Consider the interactions between CMP474 and any other in-flight urgent BSUoS modifications.	Page 23
e) Consider how CMP474 interacts with the energy price cap and in turn how CMP474 will impact consumer bills.	Pages 13 to 16
f) Consider the threshold to be set for Working Capital	Pages 16 to 19
g) Consider the minimum notice period	Pages 19 to 23

CMP474 Asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **NOTE** the ongoing timeline

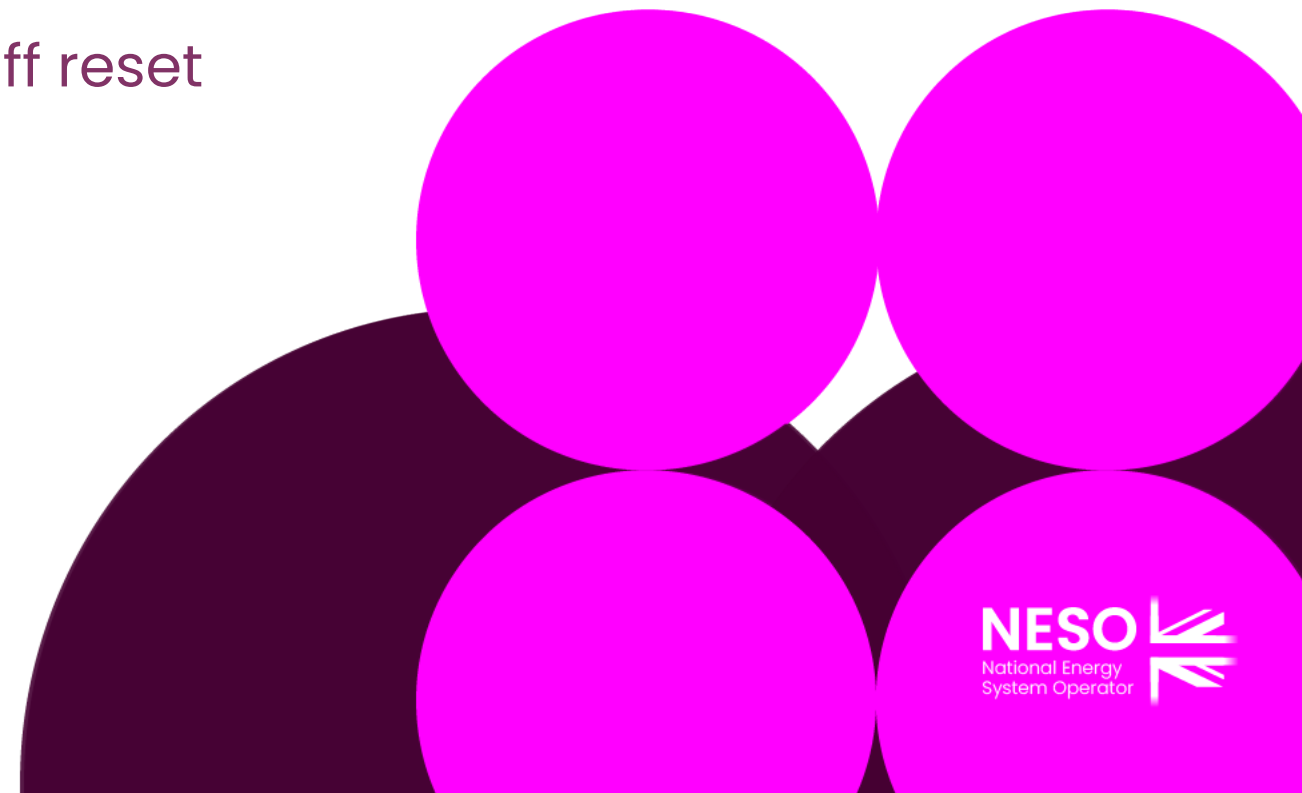
CMP474 Next Steps

Milestone	Date
Code Administrator Consultation (4 Business Days)	23 June 2026 to 5pm on 29 June 2026
Draft Final Modification Report issued to Panel	07 July 2026
Draft Final Modification Report presented to Panel	10 July 2026
Final Modification Report issued to Panel to check votes recorded correctly	10 July 2026
Submission of Final Modification Report to Ofgem	10 July 2026
Ofgem decision date	17 July 2026
Implementation Date	24 July 2026

Workgroup Report

CMP475: Amendment to the BSUoS tariff reset process

Robert Hughes (Workgroup Chair)



Key points to note

- The Workgroup was composed mainly of representatives from suppliers. This was reflected in the discussions, the Workgroup consultation and the Workgroup vote.
- The Workgroup meetings were able to explore a good range of topics, over and above the Terms of Reference. The NESO SME attended all meetings and was able to directly respond to questions and comments. They commented that the feedback from Workgroup members was valuable in itself, providing detailed industry views on the issue.
- Whilst understanding the underlying issues at stake, the sentiment of the Workgroup overall was not in favour the Proposal.

Solution and Workgroup Vote

Solution/summary of solutions:

CMP475 proposes changes to the Balancing Services Use of System (BSUoS) tariff reset process to allow National Energy System Operator (NESO) to reopen Fixed Price Periods and apply a top-up tariff so it can recover the working capital facility (WCF) back towards a neutral position.

It has been raised because recent market volatility and higher balancing costs mean the current fixed-tariff arrangements and reset mechanism are insufficient to manage cash flow risk and could threaten NESO's ability to operate the system securely

Summary of Workgroup Vote:

5 Workgroup members from a total of 7 present preferred the CUSC Baseline to the Original Solution

Terms of Reference

The Workgroup conclude that they have met their Terms of Reference, and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications	Pages 13 and 18
b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.	Page 19
c) Consider the trade-off between NESO and Supplier cashflow risks	Pages 18 and 19
d) Consider the interactions between CMP475 and any other in-flight urgent BSUoS mods	Pages 16 and 17
e) Consider how CMP475 interacts with the energy price cap and in turn how CMP475 will impact consumer bills	Pages 17 and 18
f) Consider the impacts on the security and safety of the system	Page 12

CMP475 Asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **NOTE** the ongoing timeline

CMP475 Next Steps

Milestone	Date
Code Administrator Consultation (4 Business Days)	23 June 2026 to 5pm on 29 June 2026
Draft Final Modification Report issued to Panel	07 July 2026
Draft Final Modification Report presented to Panel	10 July 2026
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	10 July 2026
Submission of Final Modification Report to Ofgem	10 July 2026
Ofgem decision date	17 July 2026
Implementation Date	31 July 2026

Activities ahead of the next Panel Meeting

CUSC Panel Meeting

26 June 2026
Microsoft Teams

An aerial photograph of a rural landscape at sunrise. The sun is low on the horizon, casting a warm glow over fields and trees. Long shadows are cast across the fields. In the bottom right corner, there are four overlapping pink circles. The background image is a landscape with fields, trees, and a distant town under a hazy sky.

Close

Anthony Pygram

Independent Chair, CUSC Panel