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CUSC Modification Proposal Form																
<h1>CMP479: Milestone 8: inclusion of OFTO construction</h1> <p>Overview: This modification amends Milestone 8 (Project Construction) in Connection and Use of System Code (CUSC) Section 16 to recognise Offshore Transmission infrastructure as construction activity for Offshore generation projects.</p>	<h3>Modification process & timetable</h3> <table border="1"> <tr> <td>1</td> <td>Proposal Form 11 June 2026</td> </tr> <tr> <td>2</td> <td>Workgroup Consultation 28 August 2026 - 21 September 2026</td> </tr> <tr> <td>3</td> <td>Workgroup Report 22 October 2026</td> </tr> <tr> <td>4</td> <td>Code Administrator Consultation 02 November 2026 - 24 November 2026</td> </tr> <tr> <td>5</td> <td>Draft Final Modification Report 03 December 2026</td> </tr> <tr> <td>6</td> <td>Final Modification Report 22 December 2026</td> </tr> <tr> <td>7</td> <td>Implementation TBC</td> </tr> </table>		1	Proposal Form 11 June 2026	2	Workgroup Consultation 28 August 2026 - 21 September 2026	3	Workgroup Report 22 October 2026	4	Code Administrator Consultation 02 November 2026 - 24 November 2026	5	Draft Final Modification Report 03 December 2026	6	Final Modification Report 22 December 2026	7	Implementation TBC
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<p>Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.</p>																
<p>This modification is expected to have a: Medium impact Affected parties would be: Generators and NESO</p>																
<p>Proposer's recommendation of governance route Standard Governance modification with assessment by a Workgroup</p>	<p>Proposer's view on modification priority High</p>															
<p>Modification Category CUSC Non-Charging Objectives</p>																
<p>Who can I talk to about the change?</p>	<p>Proposer: Andrew Colley andrew.colley@sse.com 01738 456000</p>	<p>Code Administrator Contact: cusc.team@neso.energy</p>														

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What is the issue?

Connection Queue Management Process Milestone 8 (Project Construction) within CUSC Section 16 defines construction activity by reference only to ‘User’s Works’, as set out in the Milestone 8 definition within CUSC Section 16.

For Offshore generation projects, key transmission infrastructure, including export cables and Offshore and Onshore substations, is constructed by the Generator prior to transfer to an Offshore Transmission Owner (OFTO).

These assets are required to enable export and achieve first power. Offshore wind projects cannot generate or export electricity until transmission infrastructure is fully constructed and commissioned, meaning that transmission, rather than generation installation, can determine the critical path to delivery.

The commencement of Offshore transmission works also represents a significant stage of project progression. Such works are typically initiated following Final Investment Decision¹ and involve substantial capital commitment, with transmission-related infrastructure accounting for c.24% of overall project Capital Expenditure (CAPEX)².

However, as these activities are not currently captured within the CUSC definition of ‘User’s Works’, an Offshore project may have commenced substantial construction activity but still not be recognised (according to the CUSC) as having entered Project Construction under Milestone 8.

This creates a situation whereby these types of Offshore wind projects, which have materially progressed through transmission construction, are not recognised as being ‘in construction’, while less advanced (i.e. in terms of actual financial commitments made) Onshore projects may meet Milestone 8, leading to distorted readiness signals within Queue Management Process and in turn lead to potential delays in reaching Net Zero.

For example, an Offshore wind project may have commenced installation of export cables and offshore substations, representing substantial construction progress, but not yet begun turbine installation. Under the current CUSC

¹ <https://wfo-global.org/financing-offshore-wind-part-5/>

² <https://assets.publishing.service.gov.uk/media/6966a5c7e8c04eb2919f773d/lcoe-2024-offshore-wind.pdf>

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definition, such a project may not meet Milestone 8, whereas a less advanced project with limited generation works may do so.

Why change?

This misalignment risks weakening Queue Management Process by failing to accurately reflect project readiness and commitment. Offshore transmission infrastructure is often on the critical path to first power and represents a significant financial commitment on the part of the wind project.

UK Government policy has also recognised the increasing importance and complexity of Offshore Transmission delivery. The extension, by Department for Energy Security and Net Zero (DESNZ), of the Generator Commissioning Clause (GCC) from 18 to 27 months³ followed industry evidence that the original timeframe was frequently insufficient, with many offshore wind projects unable to complete commissioning and transfer within it. Without an Offshore Transmission network, then these Generators cannot fully commission. This indicates that transmission-related activities can constrain delivery timelines for these Generators.

Excluding these activities from Milestone 8 therefore risks misrepresenting Offshore wind project progression and undermines the effectiveness of readiness signals within Connections Reform to prioritise projects that are demonstrably deliverable and needed.

What is the Proposer’s solution?

Amend the definition of ‘Project Construction’ in CUSC Section 16 (Milestone 8) to include, in the case of offshore wind projects, the commencement of offshore transmission infrastructure that is:

- (i) integral to the User’s connection project; and

³ <https://www.gov.uk/government/calls-for-evidence/offshore-transmission-owner-of-to-regime/outcome/offshore-transmission-owner-of-to-regime-update-on-policy-reforms>

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- (ii) delivered (in due course) by the User prior to transfer to an Offshore Transmission Owner.

Draft legal text

To be developed by the Workgroup.

What is the impact of this change?

The proposed modification improves, in the context of Offshore projects, the accuracy of Milestone 8 as an indicator of construction and delivery readiness by ensuring that transmission infrastructure integral to Offshore generation connections is appropriately recognised. This better aligns the CUSC drafting with Offshore delivery pathways, where transmission related activities often determine the critical path to first power. As a result, Queue Management Process decisions will be based on more reliable signals of project progression, supporting more efficient prioritisation of deliverable projects with minimal implementation burden.

Specific impacts are:

- **Generators (particularly offshore wind developers)**: Reduces risk of misclassification and improves recognition of (substantial) project commitment.
- **NESO (Queue Management Process / Connections Reform implementation)**: Improves accuracy of readiness assessments and strengthens Milestone 8 as a delivery indicator.

Proposer's assessment against CUSC Non-Charging Objectives	
Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;	Positive Improves the effectiveness of Queue Management Process arrangements for

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	Offshore projects by aligning milestones with actual project delivery pathways.
(b) 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;	Positive Ensures Offshore projects are assessed based on genuine progression and commitment, supporting fair competition between Developers.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	Neutral No impact
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive Reduces ambiguity in milestone definitions. Improves administrative clarity for NESO in applying queue management rules

* 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.*

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When will this change take place?

Implementation date:

10 Business Days following Authority Approval.

Date decision required by

As soon as reasonably practicable aligned with relevant Connections Reform timelines.

Implementation approach

The change is expected to require:

- updates to CUSC Section 16 definitions
- clarification of evidencing requirements for Milestone 8
- minor updates to NESO guidance associated with Queue Management

Proposer’s justification for governance route

Governance route: Standard Governance modification with assessment by a Workgroup

The proposal introduces a targeted but material clarification to the CUSC definition of Project Construction. Workgroup assessment is required to define the precise scope of qualifying transmission infrastructure. The modification is not suitable for self-governance as it may have a material impact on how queue management is applied to certain technologies, particularly offshore wind.

Proposer’s view on prioritisation

Prioritisation Criteria	Impact
<p>Alignment with the Strategic Direction Statement</p> <p>Please explain how this modification aligns to the delivery of government policies and</p>	<p>Strong</p> <p>This modification supports SDS Objective 9 [Act Now] (Network performance and connections) by improving the accuracy of readiness signals used within queue</p>

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<p>developments relating to the energy sector as set out in the <u>Strategic Direction Statement</u> (SDS). This should include an assessment of whether the modification supports delivery of policy priorities set out in the 'Act now', 'Think and plan' or 'Listen and wait' SDS categories.</p>	<p>management, ensuring that project progression reflects actual construction activity and supports more efficient connections outcomes.</p> <p>This modification supports SDS Objective 6 [Think and Plan] (Expand electricity networks) by ensuring that the construction of transmission infrastructure is appropriately recognised in queue progression, supporting timely delivery of network-dependent Generation.</p> <p>This modification supports SDS Objective 5 [Act Now] (Progress strategic planning) by aligning project progression signals with delivery of transmission infrastructure, supporting consistency between queue management and system-level planning frameworks.</p> <p>This modification supports SDS Objective 12 [Act Now] (Deliver effective and efficient market incentives and signals) by ensuring Milestone 8 provides an accurate and consistent signal of project progression, reducing the risk of distortion in investment and queue progression decisions.</p> <p>As such this proposal is classified as strategically aligned.</p>
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<p>Complexity</p> <p>Please explain the expected the level of industry resource, knowledge and/or time required to progress this modification through to implementation. This can include the scope of process or system change required to facilitate the modification, whether cross code changes are required, the input and expertise required from code parties, and the number of consequential changes that would arise from implementation of the modification.</p>	<p>Some</p> <p>This proposal is expected to involve some expert industry resource, as it will require a heightened level of industry knowledge.</p> <p>The time required to progress this modification through to implementation is expected to be short as the defect and solution are straightforward; meaning that the scope of the process required to facilitate the modification is limited.</p> <p>No cross-code changes are required. The input and expertise required from code parties is expected to be limited (given the straightforward nature of the change).</p> <p>There are expected to be no consequential changes that would arise from implementation of the modification.</p>
<p>Importance</p> <p>Please explain the significant value or the high risk or critical issue being addressed for stakeholders of the implementation of the modification, taking account of written guidance that the Authority may provide. This can include its interaction with or enabling of other</p>	<p>Strong</p> <p>This modification addresses a material issue affecting offshore wind projects, which represent a significant share of the generation capacity required under strategic planning frameworks such as SSEP and Clean Power 2030. Addressing this issue will mitigate risk for these projects.</p>

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<p>financial, regulatory, licence and/or compliance obligations, changes to costs for stakeholders, systemic impacts and potential systemic risk arising from non-implementation, and its cross-code impacts.</p>	<p>By failing to recognise offshore transmission construction (which represents a substantial proportion of the value of an offshore project development) within Milestone 8, the current arrangements risk misclassifying the readiness of these projects within the connections queue.</p> <p>As Connections Reform relies on accurate readiness signals to prioritise projects that are deliverable and needed, this creates a risk that strategically important capacity is not appropriately progressed.</p> <p>The modification therefore supports delivery of SDS objectives relating to network expansion and connections performance by improving the accuracy of signals used to prioritise projects within the reformed queue and is thus classed as important.</p>
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Proposer Priority Recommendation

High Priority	Standard Priority
<p><input checked="" type="checkbox"/> High – These modifications require faster development and resolution than the standard timeline. High priority could include a modification that has not been</p>	<p><input type="checkbox"/> Standard – Modifications are expected to follow a standard modification timeline. Development may be paused, for example, if the modification is</p>

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deemed urgent under existing code urgency processes but still requires development and implementation within a specific timeframe.	dependent on the outcome of another modification.
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Interactions

- | | | | |
|---|---|--|--------------------------------|
| <input type="checkbox"/> CUSC | <input type="checkbox"/> BSC | <input type="checkbox"/> STC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European Network Codes | <input type="checkbox"/> EBR Article 18 T&Cs ¹ | <input type="checkbox"/> Other modifications | <input type="checkbox"/> Other |

This modification has no cross codes impact.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CAPEX	Capital Expenditure
CUSC	Connection and Use of System Code
DESNZ	Department for Energy Security and Net Zero
EBR	Electricity Balancing Regulation
GCC	Generator Commissioning Clause
GC	Grid Code
OFTO	Offshore Transmission Owner
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards

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T&Cs	Terms and Conditions
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Reference material

- [Financing Offshore Wind](#)
- [Renewable Energy Generation Cost and Technical Assumptions – Offshore Wind](#)
- [Offshore Transmission Owner \(OFTO\) regime: update on policy reforms](#)
- [NESO Guidance on Queue Management](#)