Public

Final Self – Governance Modification Report

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 to 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 Final Self – Governance Modification Report
Have 120 minutes? Read the full Final Self – Governance Modification Report and Annexes.

Status summary: The Panel met on 31 July 2026 and unanimously determined that this modification should be implemented pending the Appeals Window.

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
Appeals Window	If you want to appeal this decision, please send your appeals form and relevant documentary evidence to industrycodes@ofgem.gov.uk by **5pm** on 02 September 2026 and ensure you copy in cusc.team@neso.energy	

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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

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.

Code Administrator Consultation Summary

The Code Administrator Consultation was issued on the 27 May 2026, closed on 17 June 2026 and received 02 non-confidential responses. A summary of the responses can be found in the table below, and the full responses can be found in **Annex 04.**

Code Administrator Consultation summary	
Question	
Do you believe that the CMP476 Original Proposal better facilitates the CUSC Applicable Objectives?	One respondent believes that CMP476 Original Proposal better facilitates the CUSC Applicable Objectives. One respondent disagrees that CMP476 Original Proposal better facilitates the CUSC Applicable Objectives.
Do you support the proposed implementation approach?	One respondent was supportive of the proposed implementation approach. One respondent was not support of the proposed implementation approach.
Do you have any other comments?	One respondent provided further comments regarding the legal text.
Legal text issues raised in the consultation	
One respondent provided the following comments: • The Global Asset Reuse Factor (GARF) and User Risk Factor (URF) are percentages used to calculate reductions by multiplying them with the Attributable Works Capital Cost (AWCC), as indicated in the current wording. The proposed wording is ambiguous, suggesting subtraction rather than multiplication, which is incorrect due to unit differences. • Further clarity is needed regarding the proposal to add "on average" to the GARF definition—uncertainty exists about whether this changes the calculation method materially. • The consultation document references "User Reduction Factor," but based on legal text, this should be "User Risk Factor".	
EBR issues raised in the consultation	

No EBR issues were raised

Panel Determination vote

The Panel met on the 31 July 2026 and determined that this modification should be implemented pending the Appeals Window.

Panel comments on Legal text

The Panel considered the legal text amendments proposed as part of the Code Administrator Consultation and agreed that they were typographical. The changes made can be found in **Annex 06.**

Vote 1: Does the Original, facilitate the Applicable Objectives better than the Baseline?

Panel Member: **Andrew Enzor, Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement					
The Original solution is a helpful clarification to CUSC, with that clarity improving efficiency in CUSC arrangements.					

Panel Member: **Dan Arrowsmith, NESO Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement					

NESO believes the original proposal provides greater clarity in the CUSC, and consequently, greater efficiency in administration of the CUSC arrangements, so is positive against (iv). NESO believes the other applicable objectives are unaffected.

Panel Member: **Garth Graham, Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement					
In accordance with the Proposers justification.					

Panel Member: **Kirsty Dawson, Alternate Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement					
This is a corrective change which clarifies what this is intended to do and is applied in practice.					

Panel Member: **Kyran Hanks, Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement					

This adds a necessary clarity and hence should lead to greater efficiency in the administration of the CUSC arrangements.

Panel Member: **Lauren Jauss, Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement					
The description of the application of the parameters is incorrect in the Baseline and will be corrected in the Original. The illustrative equations provide essential clarity.					

Panel Member: **Nick Sillito, Alternate Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement					
This option clarifies the settlement arrangements for cancellation of security charges and therefore improves the efficiency of the CUSC in this respect.					

Panel Member: **Paul Jones, Alternate Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement					

The small change should provide clarification on how these factors are applied. No change to actual calculation so impact is minimal in practice.

Panel Member: **Rob Newton, Consumers' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Yes
Voting Statement					
Statement not provided.					

Vote 2 – Which option best meets the Applicable Objectives?

Panel Member	Best Option	Which objectives does this option better facilitate? (If baseline not applicable).
Andrew Enzor	Original	(iv)
Dan Arrowsmith	Original	(iv)
Garth Graham	Original	(iv)
Kirsty Dawson	Original	(iv)
Kyran Hanks	Original	(iv)
Lauren Jauss	Original	(iv)
Nick Sillito	Original	(iv)
Paul Jones	Original	(iv)
Rob Newton	Original	(iv)

Panel Conclusion

The Panel has determined unanimously that the Proposer's solution is implemented.

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

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
Annex 04	CMP476 Code Administrator Consultation responses
Annex 05	CMP476 Code Administrator Consultation response summary
Annex 06	CMP476 Updated Legal Text following Code Administrator Consultation