Public

Special CUSC Panel 2026

CUSC Panel Minutes

Meeting Number: 373

Date:	**10/07/2026**	**Location:**	**Microsoft Teams**
Start:	**10:00**	**End:**	**11:25**

Participants

Attendee	Initials	Representing
Anthony Pygram	AP	Independent Panel Chair
Catia Gomes	CG	Panel Secretary Code Administrator Representative
Tammy Meek	TM	Panel Technical Secretary (Code Administrator)
Andrew Enzor	AE	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Joe Colebrook	JC	Users' Panel Member
Joe Dunn	JD	Users' Panel Member Alternate
Kyran Hanks	KH	Users' Panel Member
Lauren Jauss	LJ	Users' Panel Member
Paul Jones	PJ	Users' Panel Member Alternate
Tom Lowe	TL	Consumers' Panel Member
Dan Arrowsmith	DA	NESO Panel Member
Nadir Hafeez	NH	Authority Representative
Robert Newton	RB	Consumers' Panel Observer

Jacob Snowden	JSn	Elexon – Observer

Apologies

Attendee	Initials	Representing
Binoy Dharsi	BD	Users' Panel Member
Shane Cracknell	SC	Users' Panel Member

1. Introductions, Apologies and Declarations of Interest

1. Apologies were received from Binoy Dharsi and Shane Cracknell.
2. Declarations of interest were received for the following:
    - AE Proposer for CMP470;
    - DA Proposer on CM475;
    - LJ Proposer for CMP456.

2. Inflight Modification Updates

CMP456: Cost recovery for legacy plant in relation to GC0168

3. CG presented a timeline update for CMP456. CG stated that additional comments on the legal text were raised at a late stage, and Workgroup members will need the opportunity to review them. The NESO Legal team will also require sufficient time to consider the comments ahead of the Workgroup vote. The Panel approved the timeline extension request.

CMP414: CMP330/CMP374 Consequential Modification

4. CG advised the Proposer withdrew their support for CMP414 on 29 June. A withdrawal window was opened up for 5 Business Days from this date. No parties came forward to become the Proposer for this Modification.
5. GG queried whether the Proposer could withdraw the modification after this modification had been sent back from the Authority for further work.
6. JC believed that it could be at the Proposer's discretion to withdraw a modification but the CUSC is unclear.

7. The Panel by majority agreed to the withdrawal of the modification under CUSC 8.16.10(c).

3. Draft Final Modification Reports

The following Draft Final Modification Reports were presented to the Panel:

CMP417: Extending principles of CUSC Section 15 to all Users

8. CG advised the modification looks to extend the principles of CUSC Section 15 "User Commitment Methodology" to Users on Final Sums methodology, resulting in all Users being on the User Commitment Methodology. GC further explained that this meant the solution will apply the principles of User Commitment Methodology to Demand securities and liability. This includes the application of sharing factors such as the Strategic Investment Factor and Local Asset Reuse Factor. This would ensure that Demand Users are only liable for a proportion of the spend for assets which have a higher capability than their site alone requires.
9. CG advised the Workgroup concluded unanimously (9 votes out 9) that the Original better facilitated the Applicable Objectives than the Baseline.
10. CG advised the Code Administrator consultation was issued on 28 April 2026 and closed 20 May 2026 and received 12 non-confidential responses. Key points were:
    - Strong support for the Original Proposal: Respondents generally preferred CMP417 over the baseline, citing reduced barriers for demand users, improved cost reflectivity and financing arrangements, and a fairer, more consistent framework across users.
    - Better alignment with modern demand development: Stakeholders noted that the proposal reflects current demand-led connection processes and could simplify administration through a single, consolidated methodology.
    - Requests for greater clarity and concerns about risks: Respondents sought clearer definitions, transition arrangements, cost calculation transparency, and customer guidance.
11. CG reminded the Panel CMP417 was discussed in the CUSC Panel on 26 June, where the Panel reviewed the amended legal text following the Code Administrator Consultation and concluded that a further Workgroup should be convened to assess the final wording and confirm ongoing support.

12. CG advised at the Workgroup meeting held on 2 July 2026, the Proposer clarified that the revisions were intended to strengthen and clarify the wording, with no material change to the modification's original intent. Workgroup members confirmed their understanding of this. A vote review was held and five members maintained their previous votes, one new attendee expressed support, and another member provided support by email. No members changed their vote as a result of the post-consultation amendments.
13. The Panel recommended unanimously that the Proposer's solution better facilitates the CUSC Applicable Objectives. The Final Modification Report will be sent to Ofgem on 20 July 2026

CMP470: 'Introducing an Oversubscribed Technologies Commitment Fee'

14. CG delivered a presentation on CMP470 and advised there were 6 WACMs with the following 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 finalised solution proposes:
        - 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
        - The OTCF value is a floor on the project liabilities. Securities are then calculated from the liabilities value as per the existing CUSC methodology.
        - The OTCF is disapplied when all Queue Management Milestones have been met (as in WACM2)

- WACM4 solution – Included co-located and staged projects within scope seeks to 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 finalised solution proposes:
    - A two-stage OTCF structure based on the project connection date, with a lower far-term OTCF rate for pre-Trigger Date.
    - A limit preventing the OTCF exceeding the project's maximum Cancellation Charge Secured Amount at each biannual securities statement.
    - 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).

15. CG advised the Panel that the Code Administrator Consultation ran from 23 June 2026 to 30 June 2026 and received 32 non-confidential responses and 3 confidential responses. Key points were:
    - There was broad agreement that oversubscription is a problem requiring action, but no consensus that the OTCF is the right solution.
    - Significant concerns were raised that the Oversubscribed Technology Commitment Fee (OTCF) could disproportionately affect smaller developers, competition and investment confidence.
    - Questions were raised about whether the proposed fee levels and thresholds are proportionate and supported by sufficient evidence.
    - There was general support for stronger queue discipline in principle, alongside calls for a more targeted, flexible and proportionate approach.
    - No legal text issues identified
16. CG advised that a Workgroup member had written to the Code Administrator believing their Code Administrator Consultation response should have been

summarised in more detail. The CUSC Panel agreed due to the number of the responses that the summary response table was sufficiently high level.

17. The Panel recommended by majority that the Original, WACM1, WACM2, WACM3, WACM4, WACM5 and WACM6 better facilitate the Applicable CUSC Objectives. The Final Modification Report was sent to Ofgem on 14 July 2026.

CMP474: Fixed BSUoS Price Revision Mechanism'

18. CG delivered a presentation on CMP474 and advised this modification introduces 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.
19. CG advised the Workgroup concluded by majority that the Original better facilitated the Applicable Objectives than the Baseline.
20. CG advised the Panel that the Code Administrator Consultation ran from 23 June 2026 to 29 June 2026 and received 09 non-confidential responses and 02 confidential responses. Key points were:
    - Respondents viewed CMP474 broadly as a clearer, more transparent and proportionate approach to revising Fixed BSUoS tariffs.
    - The proposal was seen as improving certainty for Suppliers, customers and CUSC Parties through longer notice periods and additional NESO publications.
    - It was considered to better support Supplier cost recovery, forecasting, pricing and risk management, while reducing risk premia, market distortions and disruptive cost shocks.
    - Some respondents shared concerns suggesting the NESO's Working Capital Facility may not be sufficient to avoid short-notice tariff reopenings or emergency action and that the proposed 50% utilisation trigger could result in excessive notifications or unnecessary tariff resets.
    - No Legal text issues were raised.

21. The Panel recommended by majority that the Proposer's solution better facilitates the CUSC Applicable Objectives. The Final Modification Report was sent to Ofgem on 10 July 2026.

CMP475: Amendment to the BSUoS tariff reset process

22. CG delivered a presentation and advised the solution is to amend the BSUoS Tariff Reset process. This will be to enable NESO, due to wider market conditions, to reforecast the Fixed tariff Periods and if needed recover the financial position of the Working Capital Facility and will:
    - Enable either or both Fixed Price Periods to be reopened so that the Fixed BSUoS price can be amended, where NESO is forecasting that the WCF will be exceeded in either Fixed Price Period; and
    - Create a concept of a 'Top Up Tariff' or similar. This will allow NESO to start recovery of the WCF back towards a neutral position, if required
23. CG advised the Workgroup concluded by majority (5 out of 7 votes) that the Baseline better facilitated the Applicable Objectives than the Original.
24. CG advised The Code Administrator Consultation was issued on 23 June 2026 and closed 29 June 2026 and received 8 non-confidential responses and 2 confidential responses. Key points were:
    - Respondents generally support maintaining the WCF for BSUoS cashflow management but are concerned that current tariff reopening arrangements expose suppliers to significant financial risk due to tariff changes being implemented with only five days' notice.
    - A common view is that the root cause is the insufficient size of the WCF; respondents recommend gradually increasing the fund to reduce depletion risk, emergency interventions, and frequent tariff reopenings during volatile market conditions.
    - Most respondents oppose CMP475, arguing it would increase tariff volatility, transfer forecasting and cashflow risks to suppliers and consumers, and lacks adequate transparency, governance, notice periods, and customer protections, particularly for non-domestic customers on pass-through contracts.
    - No Legal text issues were raised.

25. The Panel recommended by majority that the Proposer's solution does not better facilitate the CUSC Applicable Objectives. The Final Modification Report was sent to Ofgem on 10 July 2026.

3. Any Other Business (AOB)

26. GG queried whether the Authority would be providing an update to CUSC Panel members regarding the Demand Connections Reform.
27. CG advised they would reach out to the Authority for an update for the next CUSC Panel meeting.

4. Close

28. The Chair thanked the Panel for their time and contribution and brought the meeting to a close.

The next CUSC Panel meeting will be held on 31 July at Faraday House.

New Modification Proposals to be submitted by 16 July.

CUSC Panel Papers Day is 23 July.