Public

Final Modification Report

CMP479:

Milestone 8: inclusion of OFTO construction

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.

Modification process & timetable

1. **Proposal Form**
   11 June 2026
2. **Code Administrator Consultation**
   03 September 2026 - 24 September 2026
3. **Draft Final Modification Report**
   22 October 2026
4. **Final Modification Report**
   13 November 2026
5. **Implementation**
   10 Business Days following Authority Decision

Have 5 minutes? Read our Executive summary
Have 120 minutes? Read the full Final Modification Report
Have 210 minutes? Read the full Final Modification Report and Annexes

Status summary: This report has been submitted to the Authority for them to decide whether this change should happen.

Panel recommendation: The Panel has recommended unanimously that the Proposer's solution is implemented.

This modification is expected to have a: Medium impact on Generators and NESO

Proposer's recommendation of governance route	**Proposer's view on modification priority**
Standard Governance modification to proceed to Code Administrator Consultation	Not Applicable

Modification Category
CUSC Non-Charging Objectives

Who can I talk to about the change?	**Proposer:**	**Code Administrator Contact:**
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Public

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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 Decision[1] 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 definition, such a project may not meet Milestone 8, whereas a less advanced project with limited generation works may do so.

[1] https://wfo-global.org/financing-offshore-wind-part-5/
[2] https://assets.publishing.service.gov.uk/media/6966a5c7e8c04eb2919f773d/lcoe-2024-offshore-wind.pdf

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 months[3] 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

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

Legal text

Legal text for this modification can be found in **Annex 02.**

[3] https://www.gov.uk/government/calls-for-evidence/offshore-transmission-owner-ofto-regime/outcome/offshore-transmission-owner-ofto-regime-update-on-policy-reforms

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**
(i) 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 Offshore projects by aligning milestones with actual project delivery pathways.
(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;	**Positive** Ensures Offshore projects are assessed based on genuine progression and commitment, supporting

	fair competition between Developers.
(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** 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.*

Code Administrator Consultation Summary

The Code Administrator Consultation was issued on the 03 September 2026 closed on 24 September 2026 and received 05 non-confidential responses and 01 confidential response. A summary of the responses can be found in the table below and **Annex 03**, and the full responses can be found in **Annex 04.**

Code Administrator Consultation summary	
Question	
Do you believe that the CMP479 Original Proposal better facilitates the CUSC Applicable Objectives?	• Four respondents believe that CMP479 Original Proposal better facilitates CUSC Applicable Objectives (i)(ii)(iv). • One respondent believes that CMP479 Original Proposal better facilitates CUSC Applicable Objectives (ii) (iv).

Do you support the proposed implementation approach?	• All respondents support the proposed implementation approach.
Do you have any other comments?	• Recognising Generator Build OFTO construction would better evidence offshore-project progress and readiness. • The change should improve queue management and capacity allocation. • Respondents expect fairer, more technology-neutral competition for Offshore projects. • Clearer drafting should reduce ambiguity and support consistent Milestone 8 administration. • Only minor updates to NESO's queue management guidance are expected; no system changes were identified. • All respondents agreed with the Proposer's assessment that the modification does not impact EBR.
Legal text issues raised in the consultation	
No legal text issues were raised	
EBR issues raised in the consultation	
No EBR issues were raised	

Panel Recommendation vote

The Panel met on the 30 October 2026 to carry out their recommendation vote.

They assessed whether a change should be made to the CUSC by assessing the proposed change and any alternatives against the Applicable Objectives.

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	Yes	Neutral	Yes	Yes

Voting Statement
CMP479 Original better facilitates objective (ii) by bringing arrangements for Offshore projects in line with onshore - namely that milestone 8 is met when substantial construction activities commence. It also better facilitates objective (iv) by improving clarity and consistency in CUSC definitions. It is neutral in respect of objectives (i) and (iii).

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	Yes	Neutral	Yes	Yes

Voting Statement
NESO's view is that a customer currently does not need to specify if works are onshore or Offshore within the directors' letter required to evidence M8. However, we acknowledge that this is not made clear in the CUSC and therefore believe that the proposal will reduce ambiguity and improve clarity for all Users. We therefore believe that CMP479 better facilitates Applicable Objectives ii and iv.

Panel Member: **Joe Colebrook, Users' Panel Member**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original	Yes	Yes	Neutral	Yes	Yes
Voting Statement					
Objective (i) - Postive, as it improves the NESO's ability to administer the queue management process accurately and fairly. Objective (ii) - Postive, CMP479 closes a gap in Milestone 8 by recognising essential Offshore transmission works, giving a truer view of Offshore projects' maturity and improving Offshore's ability to compete for scarce connections. Objective (iii) - I agree with the Proposer's assessment that the modification does not impact EBR. Objective (iv) - Positive, as CMP479 clarifies that Offshore construction can count as Milestone 8 evidence, reducing ambiguity and improving consistency for users. I support the implementation approach, as it is only a minor update to the Queue Management Guidance and no system changes are expected.					

Panel Member: **Joe Dunn, 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	Yes	Neutral	Yes	Yes
Voting Statement					
I support the Original. I consider it neutral against Objectives (i) and (iii), and positive against Objectives (ii) and (iv), as it better recognises genuine progression of Offshore projects under Milestone 8 and provides greater clarity in the application of the queue management arrangements.					

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	Yes	Neutral	Yes	Yes
Voting Statement					
This approach allows for reduced ambiguity and places fairness on the nuances that come with Offshore development, allowing for a fair approach as to how milestone achievement is captured for Offshore projects.					

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	Yes	Yes	Neutral	Neutral	Yes
Voting Statement					
The proposal seeks to make the competitive position of Offshore and onshore investment more equal. This seems to be sensible and therefore leads to a more efficient queue management process. So, objective (i) is met. The levelling of the playing field should enhance competition between generators and so objective (ii) is met. I can't see there is much impact on the Electricity Regulation or NESO's administration of the CUSC.					

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	Yes	Yes	Neutral	Yes	Yes
Voting Statement					
CMP479 makes Milestone 8 a fairer and more accurate measure of genuine project progress, recognising that Offshore transmission works can represent substantial investment and sit on the critical path to first power.					

Panel Member: **Robert 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	Yes	Neutral	Yes	Yes
Voting Statement					
The proposed modification identifies a defect in CUSC that results in distorted readiness signals in queue management. In my view, the proposed modification would, if implemented, better facilitate competition by ensuring that project progress is more accurately recognised by the queue management process, and promote efficiency in the implementation and administration of CUSC arrangements.					

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	Yes	Yes	Neutral	Yes	Yes
Voting Statement					
This should improve efficiency in the queue management arrangements by clarifying that works that will subsequently be adopted by an OFTO can be included in the assessment against milestone 8. The comment from NESO is noted, that suggests that this is already the working practice. However, being explicit in the CUSC is helpful and the improvement in certainty may also have a small impact on promoting competition too.					

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	(ii), (iv)
Dan Arrowsmith	Original	(ii), (iv)
Joe Colebrook	Original	(i), (ii), (iv)
Joe Dunn	Original	(ii), (iv)
Kirsty Dawson	Original	(ii), (iv)
Kyran Hanks	Original	(i), (ii)
Lauren Jauss	Original	(i), (ii), (iv)
Robert Newton	Original	(ii), (iv)

Paul Jones	Original	(i),(ii),(iv)

Panel Conclusion

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

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

Interactions

☐CUSC	☐BSC	☐STC	☐SQSS
☐European Network Codes	☐ EBR Article 18 T&Cs[1]	☐Other modifications	☐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
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
T&Cs	Terms and Conditions

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

Annexes

Annex	Information
Annex 01	CMP479 Proposal Form
Annex 02	CMP479 Legal Text
Annex 03	CMP479 Code Administrator Consultation Responses Summary Table
Annex 04	CMP479 Code Administrator Consultation Responses