Public

CUSC Panel 2026

CUSC Panel Minutes — Meeting Number: 373

Date:	**19/06/2026**	**Location:**	**Microsoft Teams**
Start:	**10:00**	**End:**	**11:30**

Participants

Attendee	Initials	Representing
Anthony Pygram	AP	Independent Panel Chair
Catia Gomes	CG	Panel Secretary Code Administrator Representative
Ren Walker	RW	Panel Technical Secretary (Code Administrator)
Andrew Enzor	AE	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Joe Colebrook	JC	Users' Panel Member
Kyran Hanks	KH	Users' Panel Member
Lauren Jauss	LJ	Users' Panel Member
Shane Cracknell	SC	Users' Panel Member
Nick Sillito	NS	Alternate Users' Panel Member
Tom Lowe	TL	Consumers' Panel Member

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Dan Arrowsmith	DA	NESO Panel Member
Ellie Osobina	EO	Authority Representative

Apologies

Attendee	Initials	Representing
Binoy Dharsi	BD	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
James Stone	JS	Authority Representative
Jacob Snowden	JSn	Elexon – Observer

Presenters

Attendee	Initials	Representing
James Wood	JW	CMP478 Proposer
Robert Hughes	RH	CMP475 Workgroup Chair

1. Introductions, Apologies and Declarations of Interest

1. Apologies were received from Binoy Dharsi, Nadir Hafeez and James Stone.
2. Declarations of interest were noted by the following Panel members:
    - KH advised he help draft the CMP478 Proposal and will be presenting this to the Panel today.
    - NS advised he helped with the drafting of CMP470.
    - AE as Proposer of CMP470.

2. New Modifications

CMP478: Clarifying Protection Clause 2a

1. JW and KH delivered a presentation on CMP478. JW and KH explained that this modification requires NESO to issue Gate 2 offers to 2a protected projects that are to be connected in 2026 or 2027.
2. KH explained that the issue arose from differing interpretations of connection dates communicated through the Gate 2 process, with a project initially understood to have a 2027 connection date but subsequently being treated as having a 2029 firm connection date.
3. The Panel discussed whether the defect related to the CUSC drafting, the Gate 2 methodology, or wider communications and process issues under Connections Reform. The NESO Panel member noted that the distinction between firm and enduring non-firm connection dates was intended to align with the existing Connections Reform approach.
4. Several Panel members noted the potential commercial impact on projects where investment and construction decisions are dependent on the timely receipt of Gate 2 offers. It was highlighted that delays or uncertainty in confirming whether offers would be issued on a firm or enduring non-firm basis could affect investor confidence and project delivery timelines. The Proposer and other participants indicated that significant investment had already been committed based on previous communications regarding connection dates. Panel members also noted that other projects may be in a similar position, particularly those with technical limits or delayed connection dates; however, the number of affected projects was not confirmed. The NESO Panel member confirmed that NESO hold relevant data on the number of impacted projects and could take this away internally to confirm.
5. Concerns were raised that CMP478 may not resolve the timing issue or materially accelerate the issuing of offers where further modelling, technical assessment, or coordination with Transmission Owners and Distribution Network Operators is required. It was noted that the issue may involve dependencies outside the CUSC process, including the sequencing of offers under the wider connections reform programme and the joint industry plan. Some Panel members also questioned whether a CUSC modification could require offers to be issued more quickly where the relevant Transmission Owner work or NESO assessment had not been completed. Panel further noted that, if the issue related to incorrect or unclear

communications rather than the legal drafting itself, this may need to be addressed separately from, or alongside, any CUSC change.

6. The Panel discussed whether CMP478 had a clearly defined defect, scope and solution. The Panel by majority, did not agree that the scope and defect of the modification was clear. The Panel redirected the modification back to the Proposer to review and amend the scope and re-submit for discussion at a future CUSC Panel meeting. Panel members who did not agree that CMP478 had a clearly defined scope were asked to provide written feedback to the Proposer on the issues to be addressed.

3. Workgroup Reports

CMP470: 'Introducing an Oversubscribed Technologies Commitment Fee'

7. CG delivered a presentation on CMP470. CG explained that this modification 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.
8. CG provided a summary of the solutions to the Panel; these were as follows:
   - 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).
- 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).

9. CG stated that the CMP470 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.
10. The Panel agreed that the Terms of Reference have been met and agreed for CMP470 to proceed to Code Administrator Consultation. The Code Administrator Consultation will be published on 23 June 2026, and this will close on 30 June 2026.

<u>CMP474: Fixed BSUoS Price Revision Mechanism</u>

11. CG delivered a presentation on CMP474. CG explained that this modification seeks to introduce an inclusion in the Connection and Use of System Code (CUSC) of a clear process for when the Balancing Services Use of System (BSUoS) will be reset by the National Energy System Operator (NESO).
12. CG provided a summary of the solution to the Panel; this was as follows:

- 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.

13. CG stated that the CMP474 Workgroup concluded by majority that the Original better facilitated the Applicable Objectives than the Baseline.
14. The Panel agreed that the Terms of Reference have been met and agreed for CMP474 to proceed to Code Administrator Consultation. The Code Administrator Consultation will be published on 23 June 2026, and this will close on 29 June 2026.

<u>CMP475: Amendment to the BSUoS tariff reset process</u>

15. RH delivered a presentation on CMP475 to the Panel. RH explained that this modification allows the National Energy System Operator (NESO) to reforecast the Fixed tariff periods and if needed recover the financial position of the Working Capital Fund, when market conditions require it.
16. RH provided the Panel with a summary of the proposed solution, this was as follows:
    - 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.

17. RH stated that 5 Workgroup members from a total of 7 present preferred the CUSC Baseline to the Original Solution.
18. The Panel agreed that the Terms of Reference have been met and agreed for CMP475 to proceed to Code Administrator Consultation. The Code Administrator Consultation will be published on 23 June 2026, and this will close on 29 June 2026.

3. Any Other Business (AOB)

19. No Any Other Business was raised.

4. Close

20. 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 26 June via Microsoft Teams.