

# Special CUSC Panel

Friday 10 July 2026

Online Meeting via Teams

Public

# WELCOME

## Purpose of Panel & Duties of Panel Members

The **Panel** shall be the standing body to carry out the **functions** referred to in CUSC – Section 8 CUSC Modification (8.3.3)

The **Panel** shall endeavour at all time to operate:

- In an **efficient, economical and expeditious manner**, taking account of the complexity, importance and urgency of particular CUSC Modification Proposals; and
- With a view to ensuring that the CUSC facilitates **achievement of the Applicable CUSC Objectives**.

### Duties of Panel Members & Alternates (8.3.4)

1. Shall act **impartially** and in accordance with the requirements of the **CUSC**; and
2. Shall not have any **conflicts of interest**.

Shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he/she was appointed as Panel Member and any Related Person from time to time.

# Inflight Modification Updates

- Timeline Update:
- CMP456: Cost recovery for legacy plant in relation to GC0168
- Modification Withdrawal:
- CMP414: CMP330/CMP374 Consequential Modification

# CMP456: Cost recovery for legacy plant in relation to GC0168

## Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem	Decision Date	Implementation Date
Previous timeline	17 July 2026	17 September 2026	02 October 2026	TBC	10 Business days after Authority decision
New timeline	14 August 2026	22 October 2026	06 November 2026	TBC	10 Business days after Authority decision

**Rationale:** 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.

### Workgroups Remaining: 1

#### CMP456 – the asks of Panel

- **AGREE** revised timeline

## CMP414: CMP330/CMP374 Consequential Modification

The Proposer withdrew their support for CMP414 on 29 June 2026. A withdrawal window was opened up for 5 Business Days from this date.

No parties came forward to become the Proposer for this Modification.

### CMP414 – the asks of Panel

- **AGREE** that the Modification can be withdrawn

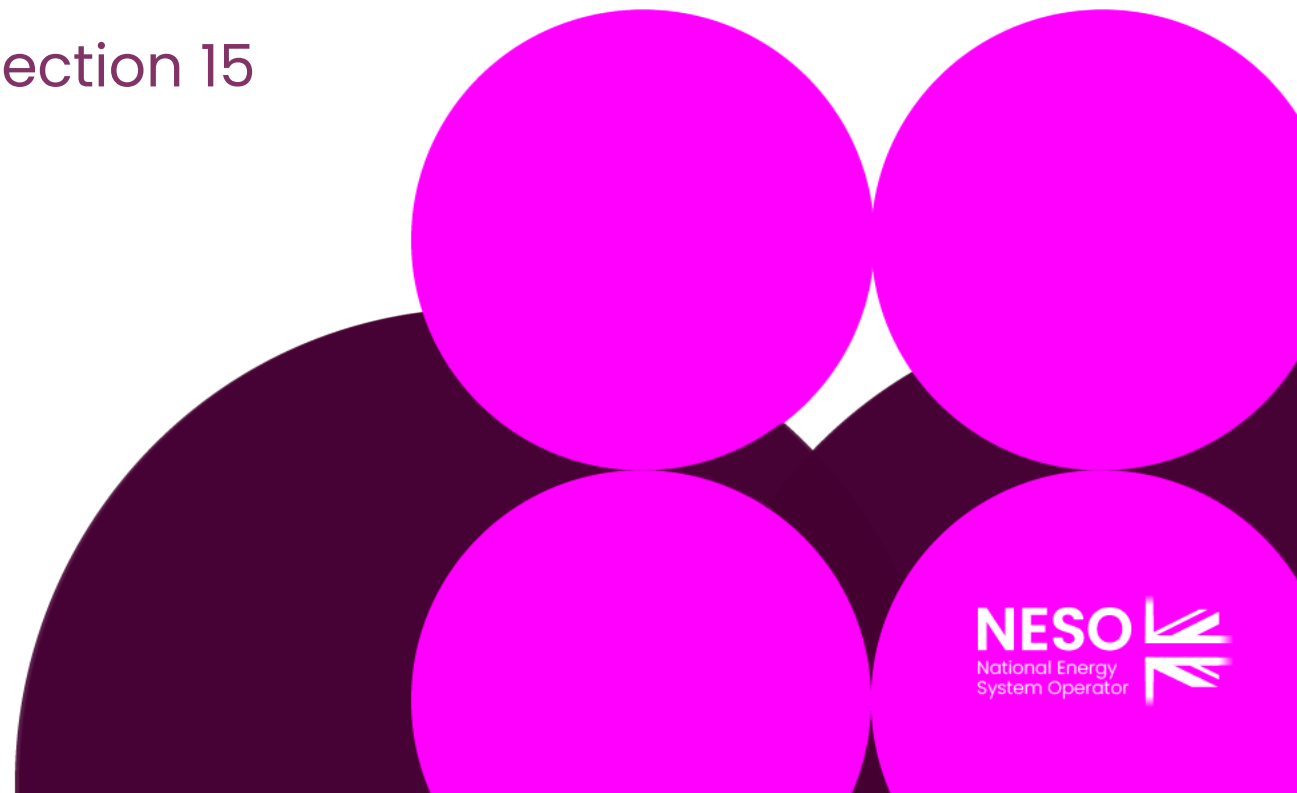
## Draft Final Modification Reports

- [CMP417](#): Extending principles of CUSC Section 15 to all Users
- [CMP470](#): Introducing an Oversubscribed Technologies Commitment Fee
- [CMP474](#): Fixed BSUoS Price Revision Mechanism
- [CMP475](#): Amendment to the BSUoS tariff reset process

# Draft Final Modification Report

CMP417: Extending principles of CUSC Section 15  
to all Users

Presenter name (Catia Gomes)



# Solution

## **Solution/summary of solutions:**

- This 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.
- This means that the solution will be to 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 (SIF) and Local Asset Reuse Factor (LARF). 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.

## **Summary of Workgroup Vote:**

- The Workgroup concluded unanimously (9 votes out 9) that the Original better facilitated the Applicable Objectives than the Baseline.

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses:

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.

# Legal text considerations

- On 26 June, 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.
- At the special Workgroup meeting 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.
- Following a vote review, 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.

# Further Points of Consideration

- Do Panel members want to raise any further points of consideration for the modification before the vote takes place?

# CMP417 Asks of Panel

- **NOTE** that this Modification does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

# CMP417 Next Steps

Milestone	Date
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	13-17 July 2026
Submission of Final Modification Report to Ofgem	20 July 2026
Ofgem decision date (requested by)	30 September 2026
Implementation Date	10 Business Days after Authority Decision

# EBR Article 3 Objectives

For reference, the Electricity Balancing Regulation (EBR) Article 3 (Objectives and regulator aspects) are:

This Regulations aims at:

1. Fostering effective competition, non-discrimination and transparency in balancing markets;
2. enhancing efficiency of balancing as well as efficiency of national balancing markets;
3. integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;
4. contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;
5. ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;
6. facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;
7. facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.

# Draft Final Modification Report

CMP470: Introducing an Oversubscribed Technologies  
Commitment Fee

Presenter name (Catia Gomes)



# Solutions

## Summary of 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**

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)

# Solutions

## Summary of solutions:

- **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).

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses:

Code Administrator Consultation was run 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

# Further Points of Consideration

- Do Panel members want to raise any further points of consideration for the modification before the vote takes place?

# CMP470 Asks of Panel

- **NOTE** that this Modification does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

# CMP470 Next Steps

Milestone	Date
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	10 July 2026
Submission of Final Modification Report to Ofgem	14 July 2026
Ofgem decision date	TBC
Implementation Date	10 Business Days after Authority Decision

# EBR Article 3 Objectives

For reference, the Electricity Balancing Regulation (EBR) Article 3 (Objectives and regulator aspects) are:

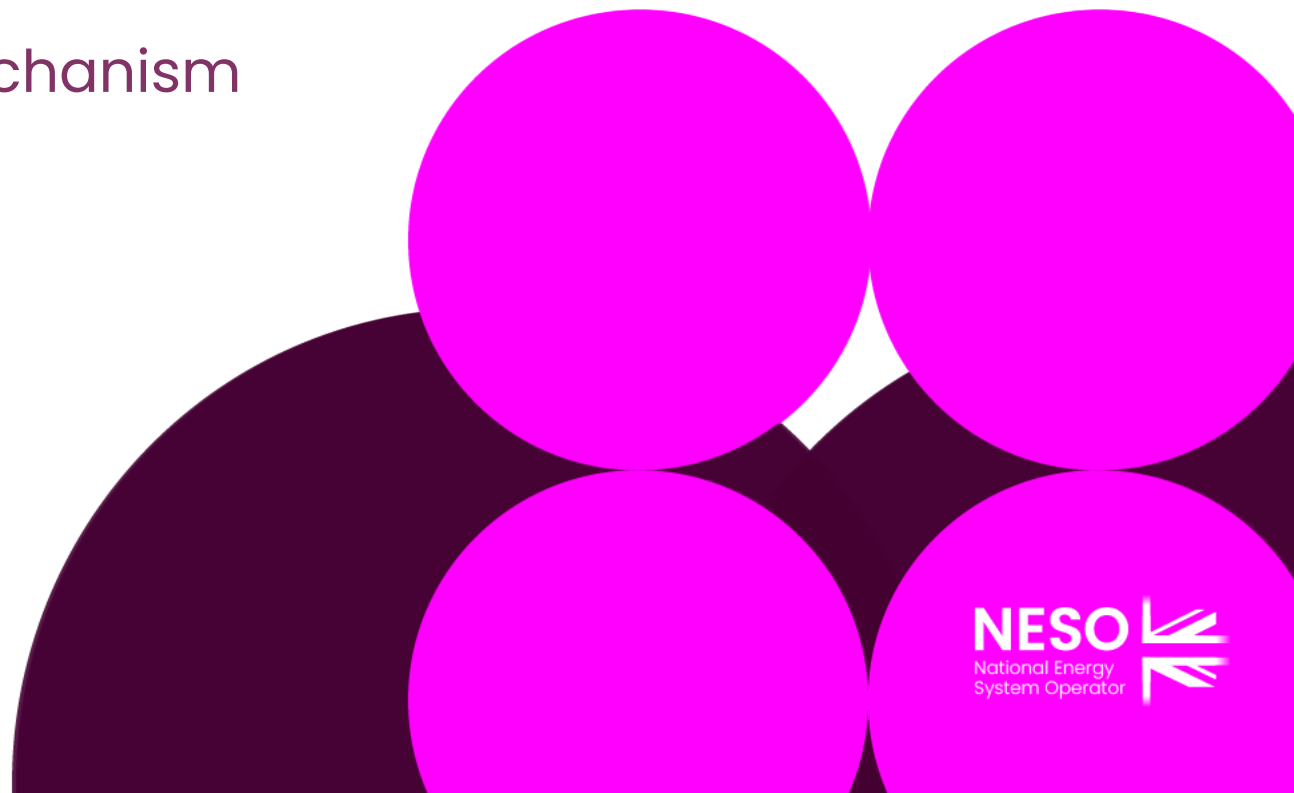
This Regulations aims at:

1. Fostering effective competition, non-discrimination and transparency in balancing markets;
2. enhancing efficiency of balancing as well as efficiency of national balancing markets;
3. integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;
4. contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;
5. ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;
6. facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;
7. facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.

# Draft Final Modification Report

CMP474: Fixed BSUoS Price Revision Mechanism

Presenter name (Catia Gomes)



# Solution and Workgroup Vote

## **Solution:**

- 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.

## **Summary of Workgroup Vote:**

- The Workgroup concluded by majority that the Original better facilitated the Applicable Objectives than the Baseline.

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses:

Code Administrator Consultation was run 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

# Further Points of Consideration

- Do Panel members want to raise any further points of consideration for the modification before the vote takes place?

# CMP474 Asks of Panel

- **NOTE** that this Modification does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

# CMP474 Next Steps

Milestone	Date
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	10 July 2026
Submission of Final Modification Report to Ofgem	10 July 2026
Ofgem decision date	17 July 2026
Implementation Date	24 July 2026

# EBR Article 3 Objectives

For reference, the Electricity Balancing Regulation (EBR) Article 3 (Objectives and regulator aspects) are:

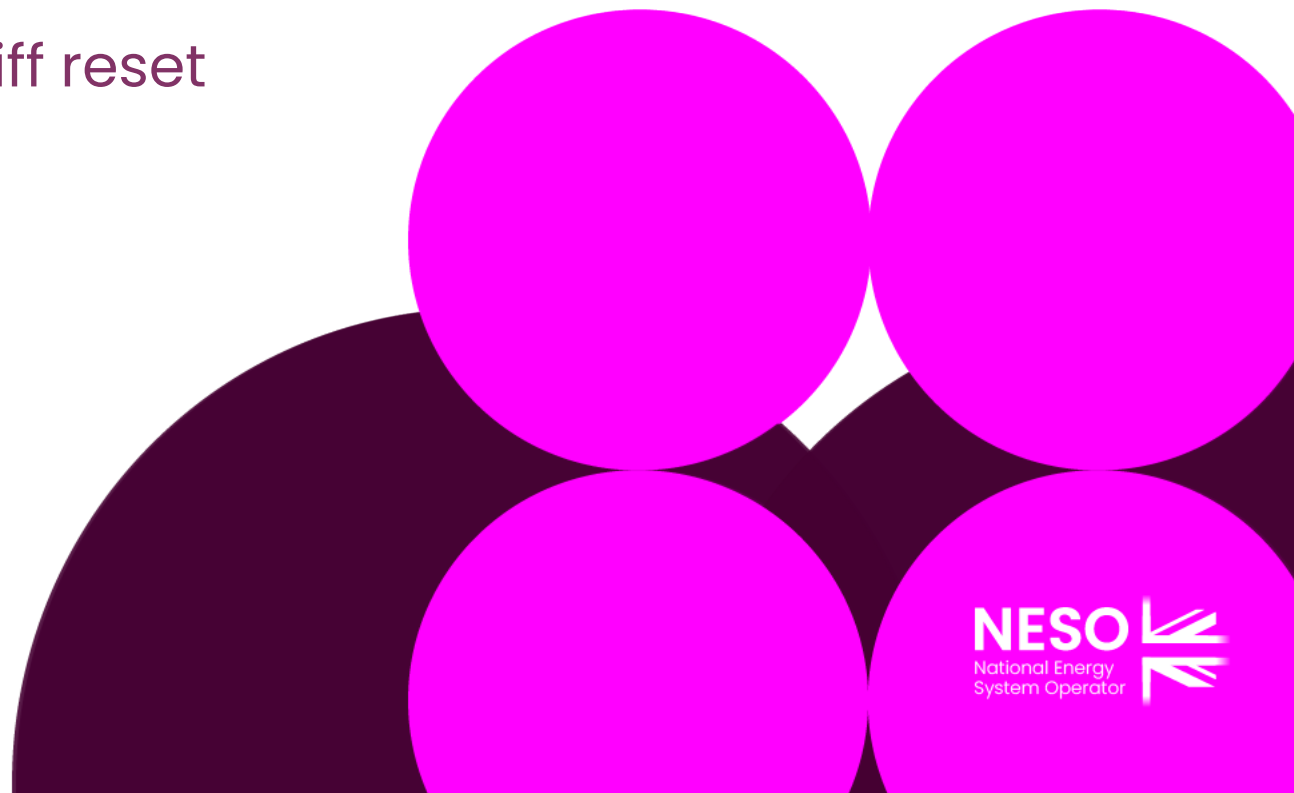
This Regulations aims at:

1. Fostering effective competition, non-discrimination and transparency in balancing markets;
2. enhancing efficiency of balancing as well as efficiency of national balancing markets;
3. integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;
4. contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;
5. ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;
6. facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;
7. facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.

# Draft Final Modification Report

CMP475: Amendment to the BSUoS tariff reset process

Presenter name (Catia Gomes)



# Solution and Workgroup Vote

## **Solution:**

This 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. The solution 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.
- 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.

## **Summary of Workgroup Vote:**

- The Workgroup concluded by majority (5 out of 7 votes) that the Baseline better facilitated the Applicable Objectives than the Original.

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses:

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

# Further Points of Consideration

- Do Panel members want to raise any further points of consideration for the modification before the vote takes place?

# CMP475 Asks of Panel

- **NOTE** that this Modification does impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **VOTE** whether or not to recommend implementation
- **NOTE** next steps

# CMP475 Next Steps

Milestone	Date
Final Modification Report issued to Panel to check votes recorded correctly (5 Business Days)	10 July 2026
Submission of Final Modification Report to Ofgem	10 July 2026
Ofgem decision date	17 July 2026
Implementation Date	24 July 2026

# EBR Article 3 Objectives

For reference, the Electricity Balancing Regulation (EBR) Article 3 (Objectives and regulator aspects) are:

This Regulations aims at:

1. Fostering effective competition, non-discrimination and transparency in balancing markets;
2. enhancing efficiency of balancing as well as efficiency of national balancing markets;
3. integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;
4. contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;
5. ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;
6. facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;
7. facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.

## Activities ahead of the next Panel Meeting

---

<b>Modification Proposal Deadline for July Panel</b>	16 July 2026
<b>Papers Day</b>	23 July 2026
<b>Panel Meeting</b>	31 July 2026 Faraday House

---

**Close**

**Anthony Pygram**

Independent Chair, CUSC Panel