

Transmission Charging Methodologies Forum and CUSC Issues Steering Group

6 August 2026

Agenda

1	Introduction, meeting objectives and review of previous actions – Alastair Owen, NESO	10:00 – 10:10
2	New modification proposal – Replace references to Carbon and Low Carbon in CUSC Section 14 – Andrew Dudkowsky, NESO	10:10 – 10:20
3	2025/26 TNUoS Manifest Error, Nick Everitt, NESO	10:20 – 10:40
4	Code Administrator update – Catia Gomes, Code Administrator NESO	10:40 – 10:50
5	AOB and Meeting Close – Alastair Owen, NESO	10:50 – 11:10

TCMF Objective and Expectations

Objective

Develop ideas, understand impacts to industry and modification content discussion, related to the Charging and Connection matters.

Anyone can bring an agenda item (not just the NESO!).

Expectations

Explain acronyms and context of the update or change.

Be respectful of each other's opinions and polite when providing feedback and asking questions

Contribute to the discussion

Language and Conduct to be consistent with the values of equality and diversity

Keep to agreed scope

Review of previous actions

ID	Month	Description	Owner	Notes	Target Date	Status
24-12	July	Post implementation analysis of CMP376: Inclusion of Queue Management process within the CUSC.	DA	NESO will reopen this action in April 2025, as that will be 12 months after CMP376 was included in contract terms.	Pending formed queue	On Hold
24-14	October	Data post CMP376 implementation on the TEC register around projects moving forward, backward or staying the same.	DA		Pending formed queue	On Hold
24-15	May	Consider how to report meaningful connections data following the recent 'Pause' in connections reform activity.	JS	Whilst there is a pause in the new connection data being shared at TCMF, JS to consider how data can be made more accessible to Industry	Pending formed queue	On Hold

Review of previous actions

ID	Month	Description	Owner	Notes	Target Date	Status
24-18	Nov	Overview on national pricing and market reform developments	Ofgem	Ofgem to arrange for an overview presentation on national pricing and market reform developments at TCMF.	Monthly updates provided at TCMF	Ongoing

New modification proposal – Replace references to Carbon and Low Carbon in CUSC Section 14

Andrew Dudkowsky, NESO

Background

CMP213 introduced the terms “Carbon” and “Low Carbon” to Section 14 of the CUSC and the charging methodology.

Carbon was defined as “...containing generation plant that is flexible in nature and can reduce/increase output driven by market price and transmission system needs....” and “...in general it will pay a proportion of its avoided fuel cost, when bid down, to the System Operator, so offering a low-cost solution to reducing constraints, providing it is running...”

Low carbon was defined as “...containing generation plant that is “must run” and always generates when fuel is available or, for technical reasons is inflexible, irrespective of transmission system need; e.g. demand level...” and “...is relatively costly (high negative) bid prices....”

Background (continued)

Neither definition refers to the carbon intensity of generation.

The terms “Carbon” and “Low-carbon” are used as a euphemism for the flexibility of generation.

Historically this may have been true. Flexible generation (coal, gas) was carbon emitting, and inflexible generation (wind, solar) was low carbon.

However, with the emergence of new technologies such as Hydrogen which is both flexible and low carbon, these terms are no longer appropriate.

Proposed solution

Update CUSC Section 14 of-and replace the terms “Carbon” and “low-carbon” with the terms “Flexible” and “Inflexible” respectively.

These terms are more representative of the characteristics of the generation that impact the charging methodology.

This will not impact revenue charging, it is merely a cosmetic change. The charging methodology will not change, and no stakeholder will see a change to their charging. On this basis we intend to go straight to CAC and the mod is self-managed and if approved should be implemented at lowest possible cost and impact.

Note there are references to “Carbon” and “Low-carbon” outside of Section 14. These references do refer to carbon intensity and so are used in the correct context. These references will not change following the implementation of this modification.

2025/26 TNUoS Manifest Error

Nick Everitt, NESO

CUSC Rules on Manifest Errors

CUSC Rules (14.17.32 – 14.17.35)

- In the event that an error is found in the inputs to the TNUoS tariffs, it is considered a Manifest Error.
- Corrections to Manifest Errors are reconciled on an individual customer basis through the generation/demand reconciliation process for the relevant year, if:
 - they are identified within the year that they are applicable to (i.e. errors identified after the year are not reconciled retrospectively); and
 - the impact to the customer's TNUoS tariff or annual liability is deemed material, in line with 14.17.34 (no reconciliation takes place if a customer does not breach that materiality threshold)

2025/26 Materiality Thresholds

- A manifest error for 2025/26 is considered material if it has an impact of either:
 - An error in the User's tariff of at least $\pm £0.936880/\text{kW}$; or
 - An error in a User's tariff which results in an error in the annual TNUoS charge of a User in excess of $\pm £465,648$.

Corrections made to 2025/26 Contracted TEC

- The projects that had incorrect data on the TEC register in October 2024 are listed below.
- The data is not confidential since the correct data should have been publicly available in the TEC register and does not imply any fault related to the parties listed.

Project Name	2025/26 Contracted TEC (MW) (as per October 24 TEC Register, used in Tariff Setting)	2025/26 Corrected TEC (MW) (as per October 24 Contracts)
Hunterston	1020	0
Hinkey Point B	1061	0
Ratcliffe on Soar	1224.7	225
Moray West	800	860
Deeside	0	1

Actions taken

Affected customers

- Only those customers that were materially affected (under CUSC 14.17.34) were contacted regarding this error
- The reconciliation for this correction took place in the 2025/26 Generation Reconciliation Process in April 2026.
- If you were not contacted, then you were not materially affected, and no changes were made to your 2025/26 charge.

Lessons Learned

TEC Register/CCMs

- Internal risk raised on the process
- Action plan to improve process following internal audit

Revenue Team Communications

- Evaluate potential impact/materiality sooner
- Communicate with customers sooner
- Brief TCMF
- External auditors currently looking at aspects of tariff setting process

Code Administrator Update

Catia Gomes – Code Administrator NESO

Key Updates since last TCMF

New Modifications / Nominations

- None.

Decisions

- None.

Implementations

- None.

Authority Expected Decision Date

Modification	FMR submitted	Expected Decision Date
Decisions temporarily paused due to RNP Programme		
CMP315: 'TNUoS Review of the expansion constant and the elements of the transmission system charged for' and CMP375 'Enduring Expansion Constant & Expansion Factor Review'	07 February 2024	TBC pending update on RNP (previously 07 February 2025)
CMP316: 'TNUoS Charging Methodology for Co-located Generation'	08 August 2025	TBC pending update on RNP
CMP397: 'Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)'	12 June 2024	TBC pending update on RNP
CMP423: 'Generation-weighted Reference Node'	09 December 2025	TBC pending update on RNP
CMP440: 'Re-introduction of Demand TNUoS locational signals by removal of the zero price floor'	10 April 2026	TBC pending update on RNP
Charging/ Non – Charing Modifications		
CMP445: 'Pro-rating first year TNUoS for Generators'	10 July 2026	30 September 2026
CMP453: 'To Bill BSUoS on a net basis at BSC Trading Units'	11 November 2025	30 September 2026
CMP469: 'GC0186 Cost Recovery mechanism for CUSC Parties'	07 July 2026	TBC
Connections Modifications		
CMP330 & CMP374: 'Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length and Extending contestability for Transmission Connections'	10 August 2023	September 2026

The Authority's publication on decisions can be found on their website below:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>

Authority Expected Decision Date

Received Final Modification Reports since last TCMF Panel Meeting

Modification	Final Modification Report Received	Expected Decision Date
<u>CMP417</u> : Extending principles of CUSC Section 15 to all Users	20 July 2026	TBC
<u>CMP470</u> : Introducing an Oversubscribed Technologies Commitment Fee	14 July 2026	TBC
<u>CMP474</u> : Fixed BSUoS Price Revision Mechanism	10 July 2026	TBC
<u>CMP475</u> : Amendment to the BSUoS tariff reset process	10 July 2026	TBC

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Key Consultations in August

Workgroup Consultations

- None.

Code Administrator Consultations

- None.

Appeals Window

- **CMP476**: Correction to Section 15 of the CUSC appeals window opens on 11 August and closes 02 September.

CUSC 2026 - Panel dates

	Panel Dates	Papers Day	Modification Submission Date	(TCMF) CUSC Development Forum
January	30	22	15	8
February	27	19	12	5
March	27	19	12	5
April	24	16	9	2
May	22	14	7	30 April
June	26	18	11	4
July	31	23	16	9
August	28	20	13	6
September	25	17	10	3
October	30	22	15	8
November	27	19	12	5
December	11	3	26 November	19 November

Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
<u>CMP315</u>	TNUoS: Review of the expansion constant and the elements of the transmission system charged for	The expansion constant is a key input in setting the value of the locational element of transmission network use of system charges. This modification proposal would review how the expansion constant is determined such that it best reflects the costs involved.	High impact on all Users who pay TNUoS charges, NESO, Transmission Owners and Offshore Transmission Owners
<u>CMP316</u>	TNUoS Charging Methodology for Co-located Generation	Charging arrangements for Generation sites which comprise multiple technology types within one Power Station ("co-located")	Medium impact on Co-located Generators; Low Impact on NESO
<u>CMP417</u>	Extending principles of CUSC Section 15 to all Users	This modification seeks 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 will introduce equitable treatment across User groups and reduce barriers to entry as a User's security amount will better reflect the transmission liabilities they impose should they cancel connection or reduce capacity.	High Impact on National Energy System Operator, Distribution Network Operators, Transmission Owners, Users who remain on Final Sums methodology (Distributed connected Demand, Transmission connected Demand and DNOs where work is not triggered by an Embedded Generator e.g. asset replacement)
<u>CMP330/CMP374</u>	Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length	To amend the definition of Connection Assets in section 14 of the CUSC to allow cable and overhead line lengths over 2km to be contestable where agreed between the Transmission Owner and the User.	High Impact on New Transmission connected Users and Transmission Owners
<u>CMP375</u>	Enduring Expansion Constant & Expansion Factor Review	Seeks to amend the calculation of the Expansion Constant & Expansion Factors to better reflect the growth of and investment in the National Electricity Transmission System (NETS)	High impact on all Users who pay TNUoS charges, NESO, Transmission Owners and Offshore Transmission Owners

Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
<u>CMP397</u>	Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)	CMP316 makes changes to Section 14 of the CUSC. CMP397 facilitates CMP316 and proposes consequential changes to CUSC Exhibits B & D	Low impact on Co-located Generators and NESO
<u>CMP423</u>	Generation Weighted Reference Node	This modification proposes to switch from a demand weighted Reference Node to a generation weighted Reference Node instead.	High impact on Generation and Demand Users
<u>CMP440</u>	'Re-introduction of Demand TNUoS locational signals by removal of the zero price floor'	This CUSC modification proposes removing the current zero price floor from the TNUoS locational demand tariff for Final Demand, thereby re-introducing a locational investment price signal across all of GB. The potential for negative prices and the perverse incentive for Users to consume is removed by widening the period over which consumption is measured for charging against negative tariffs.	High impact on Suppliers
<u>CMP445</u>	Pro-rating first year TNUoS for Generators	The CUSC should be amended to ensure that Generators only pay TNUoS on a pro-rated basis from their Charging Date, during the first year of connection	High on Generators and low impact on NESO, and no material impact on Transmission Owners
<u>CMP453</u>	To Bill BSUoS on a net basis at BSC Trading Units	The move to gross billing of BSUoS means that customers forming part of a BSC Trading Unit are paying BSUoS when the net flows at the point of connection are exports, so the customers are not using the system and should not pay BSUoS.	Medium impact on customers and suppliers.

Modifications Overview

Modification Number	Modification Title	Modification Overview	Impacted Parties
<u>CMP469</u>	GC0186 Cost Recovery mechanism for CUSC Parties National Energy System Operator	The GC0186 modification will place new obligations within the Grid Code, upon Connection and Use of System Code (CUSC) Parties who are not contracted with the National Energy System Operator (NESO) as Restoration Service Providers. Therefore, a one-year time extension of the codified cost recovery mechanism is required to prevent the affected parties being commercially disadvantaged by the implementation of the new obligations.	High impact on Suppliers & Generators
<u>CMP470</u>	Introducing an Oversubscribed Technologies Commitment Fee National Energy System Operator	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.	High impact on generation developers and a Medium Impact on Transmission Owners
<u>CMP474</u>	Fixed BSUoS Price reset mechanism	Inclusion in the Connection and Use of System Code of a clear process for when the Balancing Services Use of System will be reset by the National Energy System Operator.	High impact on Suppliers and Transmission System Operators
<u>CMP475</u>	Amendment to the BSUoS tariff reset process	Amendment to the Balancing Services Use of System Tariff Reset process as per Connection and Use of System Code. To enable the National Energy System Operator due to wider market conditions to reforecast the fixed tariff periods and if needed recover financial position of the working capital fund	High impact for anyone who is impacted by BSUoS, primarily Suppliers

Useful Links

Ofgem's expected decision dates/ date they intend to publish an impact assessment or consultation, for code modifications that are with them for decision are available [here](#)

Updates on all Modifications are available on the Modification Tracker [here](#)

The latest CUSC Panel Headline Report and prioritisation stack are available [here](#)

If you would like to receive updates from the Code Administrator on CUSC modifications, please join the distribution list [here](#)

Your CUSC Panel representatives

- Industry is represented at CUSC Panel by representatives, who would love your input. Their contact details can be found [here](#).
- Panel members represent their industry segments at Panel; the more input they have, the more your voice can be heard.

Anthony Pygram	Independent Panel Chair		Lauren Jauss	Panel Member	
Catia Gomes	Panel Secretary and Code Administrator Representative		Shane Cracknell	Panel Member	
Ren Walker	Panel Technical Secretary		Alastair Owen	NESO Representative	
Andrew Enzor	Panel Member		Daniel Arrowsmith	NESO Representative	
Binoy Dharsi	Panel Member		Tom Lowe	Consumer Panel Representative	
Garth Graham	Panel Member		Jacob Snowden	BSC Representative	
Joe Colebrook	Panel Member		Nadir Hafeez	Ofgem Representative	
Kyran Hanks	Panel Member		James Stone	Ofgem Representative	

AOB and meeting close

Reformed National Pricing Update

Bartosz Slota – Ofgem