

Headline Report – 26 April 2024

Connection and Use of System Code (CUSC) Panel

The Headline Report is produced after every Panel and aims to provide an overview of the key decisions made. Minutes for this meeting will be published separately.

Approval of Panel Minutes

The meeting minutes from the Panel on [22 March 2024](#) and [12 April 2024](#) were approved and these have been uploaded to our website.

New Modifications

The following new Modification Proposals were presented to the Panel:

CMP433: Optimised Transmission Investment Cost model (OpTIC)

OpTIC replaces the Transport component of the Transport and Tariff (T&T) model with an economic market model that reflects proposed network investment, creating charges that aim to leave a market participant in the expected position that they would have been in had they been operating in a zonal wholesale market with assumed optimal network investment.

The Panel unanimously agreed that CMP433 should follow the Standard Governance route and proceed to a Workgroup. The Panel did not approve the Terms of Reference for the Workgroup.

CMP433 documentation can be found [here](#)

CMP434: Implementing Connections Reform

The current connections process is not enabling the timely connection of projects to meet net zero. A wholesale revision is needed to the connections process to meet those targets and the needs of project developers and consumers. This proposal introduces new processes and definitions that will update the existing processes and enable projects that are most ready to progress more rapidly to connection.

The Panel unanimously agreed that CMP434 met the Authority's Urgency criteria (a) and therefore recommended urgent treatment. Panel's recommendation was sent on 29 April 2024 seeking an Authority decision by 5pm on 01 May 2024.

The Panel recommended that CMP434 proceed to a Workgroup. The Panel agreed the Terms of Reference for the Workgroup.

CMP434 documentation can be found [here](#)

CMP435: Application of Gate 2 Criteria to existing contracted background

The related "Implementing Connection Reform" Modification introduces new processes and definitions that will update the existing processes and enable new applicants with more ready projects to progress more rapidly to connection. Gate 2 is a key component of the update; however, the size and rate of growth of the connections queue means that significant action is required as soon as possible to reduce the current queue so that viable projects can be connected more quickly and so that the benefits of our proposed Connections Reform model can be delivered earlier. This Modification seeks to address this by applying a

project milestone / criteria ('Gate 2') to all existing contracted parties before they are provided with confirmed connection dates and locations.

The Panel unanimously agreed that CMP435 met the Authority's Urgency criteria (a) and therefore recommended urgent treatment. Panel's recommendation was sent on 29 April 2024 seeking an Authority decision by 5pm on 01 May 2024.

The Panel recommended that CMP435 proceed to a Workgroup. The Panel agreed the Terms of Reference for the Workgroup.

CMP435 documentation can be found [here](#)

New / Pending Authority Decisions Decisions since the last Panel

Modification	Decision	Implementation Date
CMP411 'Introduction of Anticipatory Investment (AI) within the Section 14 charging methodologies'	On 28 March 2024 the Authority approved the Original solution.	01 April 2025

Awaiting Decisions

Modification	FMR submitted	Expected Decision Date
CMP286 'Improving TNUoS Predictability Through Increased Notice of the Target Revenue used in the TNUoS Tariff Setting Process'	08/02/2024	03/05/2024 (Previously 26/04/2024)
CMP315 'TNUoS Review of the expansion constant and the elements of the transmission system charged for' and CMP375 'Enduring Expansion Constant & Expansion Factor Review'	07/02/2024	30/09/2024
CMP330&CMP374 'Allowing new Transmission Connected parties to build Connection Assets greater than 2km in length and Extending contestability for Transmission Connections'	10/08/2023	31/07/2024 (Previously 08/05/2024)
CMP392 'Transparency and legal certainty as to the calculation of TNUoS in conformance with the Limiting Regulation'	13/10/2023	30/04/2024
CMP396 'Re-introduction Of BSUoS on Interconnector Lead Parties'	05/01/2024	31/05/2024
CMP408 'Allowing consideration of a different notice period for BSUoS tariff settings'	13/10/2023	09/09/2024
CMP414 'CMP330/CMP374 Consequential Modification'	10/08/2023	31/07/2024 (Previously 08/05/2024)
CMP415 'Amending the Fixed Price Period from 6 to 12 months'	13/10/2023	09/09/2024

ESO

Ofgem publish a table that provides the expected decision date, or date they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision. This was last updated on 02 May 2024 and is published [here](#).

Prioritisation Stack

The Panel discussed the prioritisation of the following Modifications:

Modification	Panel Comments
CMP433: ' Optimised Transmission Investment Cost model (OpTIC) '	Panel agreed that due to the complexity of the defect the modification should be placed in 'Medium' below the Task Force modifications. Acknowledging that Workgroups were not proposed to start until September 2024.
CMP434 ' Implementing Connections Reform '	Panel agreed that as they had recommended 'Urgency' it should be placed as 'High'
CMP435: ' Application of Gate 2 Criteria to existing contracted background '	Panel agreed that as they had recommended 'Urgency' it should be placed as 'High'

The Panel agreed that based on the volume of ESO and industry resource being utilised by the existing and 2 new proposed Urgent modifications (30 planned Workgroups meetings between 07 May- 07 August, represented below) that all other modification Workgroup meetings should take a hiatus.

The Panel agreed that they would appraise each modification on a rolling monthly basis.

The latest prioritisation stack can be found [here](#)

In flight Modifications

Modification Withdrawal Update: [CMP328: Connections Triggering Distribution Impact Assessment](#)

It was confirmed to Panel that SP Energy Networks requested to become the official proposer of CMP328, therefore the Modifications has not been withdrawn.

Modification Timeline Update: [CMP344: Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology](#)

The Panel approved the new timeline as submitted within the Panel Papers.

Modification Timeline Update: [CMP405: TNUoS Locational Demand Signals for Storage](#)

The Panel approved the new timeline as submitted within the Panel Papers.

Modification Timeline Update: [CMP419: Generation Zoning Methodology Review](#)

The Panel approved the new timeline as submitted within the Panel Papers.

The next [Modification Tracker](#) will be published on 07 May 2024.

Workgroup Reports

The following Workgroup Report was presented to the Panel:

CMP424: Amendments to Scaling Factors used for Year Round TNUoS Charges

This modification seeks to introduce a mechanism which sets a lower limit on the variable generation scaling factors used for the purpose of Year-Round Background tariff calculation. This is to address a

defect in current methodology which, without any change, we expect to calculate negative scaling factors within the next few years.

The Panel agreed that the Terms of Reference have been met and agreed for CMP424 to proceed to Code Administrator Consultation. The Code Administrator Consultation is scheduled to be published on 30 April 2024 and close on 21 May 2024.

CMP424 documentation can be found [here](#)

Draft Final Modification Reports

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

CMP428: User Commitment liabilities for Onshore Transmission circuits in the Holistic Network Design

To define the User Commitment liabilities for generators connected to circuits being classified as onshore transmission within the Holistic Network Design (HND). This is to ensure that the purpose and function of circuits classified as onshore transmission are considered when determining which users are responsible for the associated liabilities.

The Panel has recommended unanimously that the Proposer's solution better facilitate the CUSC Applicable Objectives. The Final Modification Report was sent to Ofgem on 26 April 2024.

CMP428 documentation can be found [here](#)

CMP413: Rolling 10-year wider TNUoS generation tariffs

Seeks to introduce an obligation on the ESO to publish generation tariffs for a rolling 10-year duration and provide the clarity to Users and developers on commercial decisions to support delivery of low carbon infrastructure (across generation and network) at least cost for consumers.

The Panel has recommended by majority that the Proposer's solution and WACM1 do not better facilitate the CUSC Applicable Objectives. The Final Modification Report will be sent to Ofgem on 08 May 2024.

CMP413 documentation can be found [here](#)

CMP418: Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer

Modification of the DRCE cost allocation for offshore wind farms. The proposal seeks to socialise DRCE costs through wider TNUoS charges. Instead of the current system where offshore wind farm generators both (i) provide upfront capital costs for the DRCE before transferring to OFTO and (ii) cover the cost of DRCE via the offshore local circuit tariff for the lifetime of the project.

The Panel has recommended by majority that the Proposer's solution better facilitate the CUSC Applicable Objectives. The Final Modification Report will be sent to Ofgem on 08 May 2024.

CMP418 documentation can be found [here](#)

Key Activities ahead of next panel

Transmission Charging Methodologies Forum: 09 May 2024

Modification Proposal Deadline for May Panel: 16 May 2024

Papers Day: 23 May 2024

Questions or feedback?

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