

Public

Nadir Hafeez

Ofgem

By email

National Energy System Operator

Faraday House

Gallows Hill

Warwick

CV34 6DA

Lurrentia Walker

Lurrentia.walker@nationalenergyso.com

25 October 2024

CMP444 request for Urgency letter

Dear Nadir,

Connection and Use of System Code (CUSC) Modification Panel Request for Urgency and Recommended Timetable for **CMP444: Introducing a cap and floor to wider generation TNUoS charges.**

On 21 October 2024, NESO raised **CMP444**. The Proposer sent a request to the CUSC Panel Secretary for this modification to be treated as urgent.

CMP444 seeks to introduce a temporary cap and floor mechanism to wider generation TNUoS (Transmission Network Use of System) charges, to reduce investment uncertainty for generators and developers.

All documentation for this modification can be located via the following link:

<https://www.neso.energy/industry-information/codes/cusc/modifications/cmp444-introducing-cap-and-floor-wider-generation-tnuos-charges>

The CUSC Modifications Panel ("the Panel") on 25 October 2024, considered **CMP444** and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

Public

The Proposer set out their rationale for Urgency against Ofgem’s Urgency criteria **(a)** which is as follows:

a) A significant commercial impact on parties, consumers or other stakeholder(s).

The request for urgency is because the proposal would address a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder (especially generation and storage developers). The projected escalating TNUoS costs for generation in the north of GB risks driving up consumer costs via increased CfD bids that incorporate a larger risk premium than would otherwise be necessary, or deterring investment in new generation, which could put the achievement of Clean Power 2030 goals at risk.

Panel Consideration of the Request for Urgency

The Panel considered the request for urgency with reference to Ofgem Guidance on Code Modification Urgency Criteria. The majority view of the Panel is that **CMP444 does meet** Ofgem’s Urgency criteria¹. Therefore, the recommendation of the Panel is that **CMP444 should** be treated as an Urgent CUSC Modification Proposal.

Panel members set out their rationale behind this decision:

- Several Panel members agreed with the Proposer's recommendation for Urgency, noting the clarification on timelines.
- A Panel member noted the defect identified addresses a significant commercial risk for generators and an accelerated and urgent modification process is required. There is specific concern for those bidding for Celtic Sea

¹ Ofgem’s current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

Public

bed leases and in the CfD AR7 auction to know what TNUoS arrangements will be in place.

- A Panel member stated that CMP444 is urgent because the positive commercial impact of the modification for consumers and generators will be much greater if a decision is made by July 2024, and is needed to ensure Users can include the effects of this modification in their bids for Allocation Round 7 (AR7). AR7 is the last Contracts for Difference (CFD) that can deliver projects within the Clean Power Plan 2030.
- It was also highlighted that the analysis provided does not expect to impact TNUoS charges seen by generators until 2030, and REMA is expected to start implementation by 2025 and finish before 2030, so although there does not appear to be a commercial impact on consumers, there is certainly potential for significant commercial impact depending on the solution determined by the workgroup.
- Ofgem's letter has set out the case for urgency based on the impact of TNUoS projections on upcoming CfD auctions and the ability to meet CP2030 ambitions.
- The Panel member who did not agree that CMP444 met the Ofgem urgency criteria stated that the proposed solution is designed to be of minimum impact on users' charges overall.

Procedure and Timetable

The Panel discussed an appropriate timetable for **CMP444** in the instance that urgency is granted.

The Panel agreed that **CMP444** subject to Ofgem's decision on Urgency should follow the attached Code Administrator's proposed timetable (Appendix 1 **Urgent recommendation**). In Appendix 2 of this letter, the Code Administrator has also provided the timeline if this follows standard timescales with the assumption that Panel prioritise this high in the prioritisation stack.

Panel noted that if urgency is required, there would be;

Public

- A Workgroup Consultation period of less than 15 Business Days
- Code Administrator Consultation period of less than 15 Business Days
- There would be less than 5 clear Business Days between publication of the Draft Final Modification Report and Panel’s recommendation; and
- There would be less than 5 clear Business Days for Panel to check that their Recommendation Vote had been recorded correctly

Under CUSC Section 8.24.4, we are now consulting the Authority as to whether this Modification is an Urgent CUSC Modification Proposal.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely



Trisha McAuley OBE

Independent Chair of the CUSC and Grid Code Panel

Appendix 1– Urgent Timeline

Modification Stage	Date
Modification presented to Panel	25 October 2024
Workgroup nominations (10 business days)	25 October 2024 – 06 November 2024
Ofgem grant Urgency	31 October 2024 (5pm)
Workgroup 1 – Workgroup 6 (assuming Ofgem have granted Urgency)	11 November 2024 04 December 2024 11 December 2024

Public

	08 January 2025 15 January 2025 21 January 2025
Workgroup Consultation (4 business days)	23 January 2025 – 29 January 2025
Workgroup 7 – Workgroup 12 (Assess Workgroup Consultation Responses and Workgroup Vote)	04 February 2025 06 February 2025 12 February 2025 17 February 2025 20 February 2025 25 February 2025
Workgroup Report issued to Panel (3 business days)	03 March 2025
Panel sign off that Workgroup Report has met its Terms of Reference	07 March 2025
Code Administrator Consultation (4 business days)	10 March 2025 – 14 March 2025
Draft Final Modification Report (DFMR) issued to Panel (3 business days)	24 March 2025
Panel undertake DFMR recommendation vote	28 March 2025
Final Modification Report issued to Panel to check votes recorded correctly	28 March 2025
Final Modification Report issued to Ofgem	28 March 2025
Ofgem Decision	01 July 2025
Implementation Date	01 April 2026

Appendix 2 – Standard Timeline

Modification Stage	Date
Modification presented to Panel	25 October 2024
Workgroup nominations (15 business days)	25 October 2024 – 13 November 2024

Public

Workgroup 1 – Workgroup 6	04 December 2024 08 January 2025 05 February 2025 05 March 2025 09 April 2025 07 May 2025
Workgroup Consultation (15 business days)	15 May 2025 – 05 June 2025
Workgroup 7 – Workgroup 12 (Assess Workgroup Consultation Responses and Workgroup Vote)	17 June 2025 15 July 2025 12 August 2025 09 September 2025 07 October 2025 11 November 2025
Workgroup Report issued to Panel (5 business days)	20 November 2025
Panel sign off that Workgroup Report has met its Terms of Reference	28 November 2025
Code Administrator Consultation (15 business days)	01 December 2025 – 22 December 2025
Draft Final Modification Report (DFMR) issued to Panel (5 business days)	22 January 2026
Panel undertake DFMR recommendation vote	30 January 2026
Final Modification Report issued to Panel to check votes recorded correctly	03 February 2026

Public

Final Modification Report issued to Ofgem	11 February 2026
Ofgem Decision	01 July 2026
Implementation Date	01 April 2027

Appendix 3 – Panel Urgency Vote

separate attachment

See