

Public

CUSC Panel

Friday 28 March 2025

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.

Approval of Panel Minutes

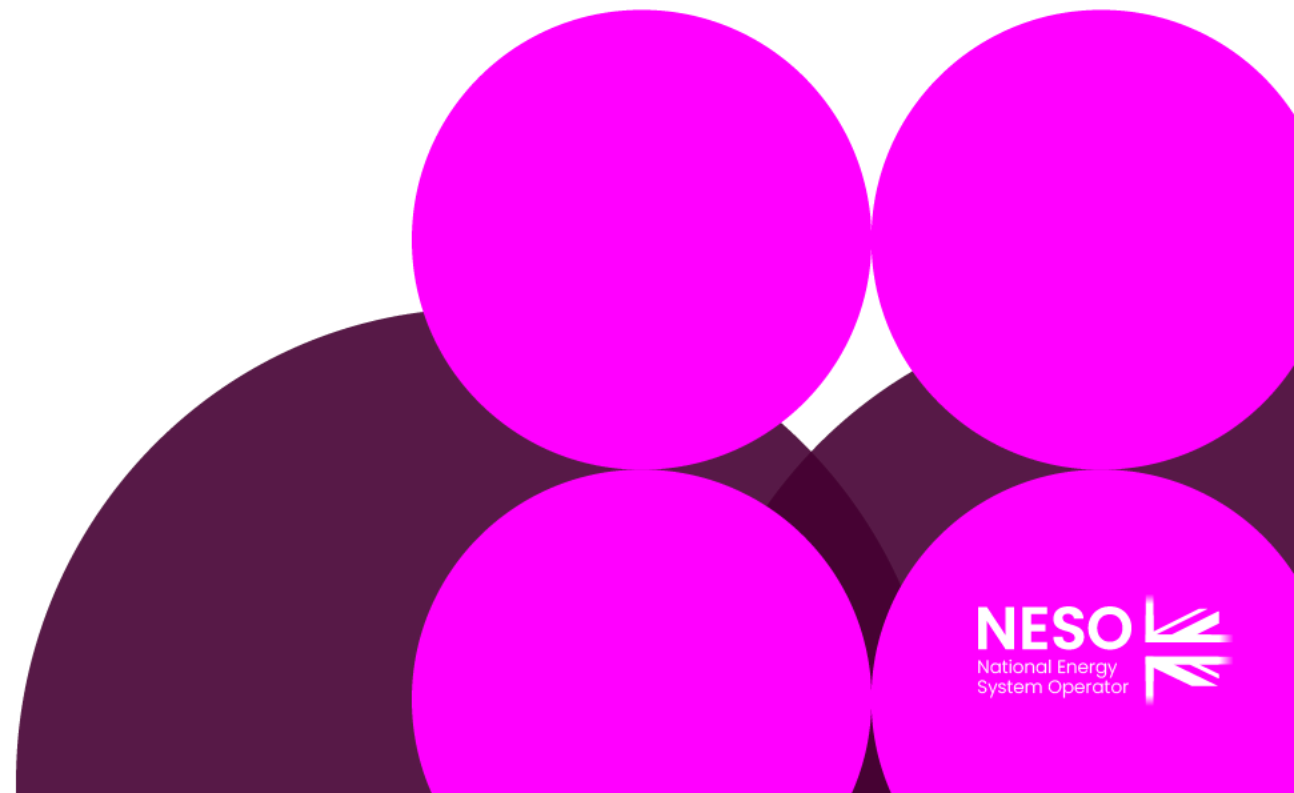
Approval of Panel minutes from the meeting held on 17 January, 31 January, 14 February and 24 February

Action Log

One ongoing action remains open:

- Action 182

Chair's Update



Authority Decisions and Update (as at 20 March 2025)

Decisions Received since last Panel Meeting

Modification	Decisions	Implementation Date
CMP452 'Suspension of TNUoS Payments for generators connecting during the 2024/25 charging year'	On 13 March 2025 the Authority rejected the request for Urgency.	N/A
CMP443 'Removing references to "Fax" or "Facsimile" within the CUSC'	On 14 March 2025 the Authority approved the Original solution.	28 March 2025
CMP436 'Update CUSC arrangements to replace the Electricity Arbitration Association with the London Court of International Arbitration (LCIA) (Non-Charging)'	On 20 March 2025 the Authority approved the Original solution.	03 April 2025
CMP437 'Update CUSC arrangements to replace the Electricity Arbitration Association with the London Court of International Arbitration (LCIA) (Charging)'	On 20 March 2025 the Authority approved the Original solution.	03 April 2025

Decisions Pending

Modification	Final Modification Report Received	Expected Decision Date
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 (previously 07 February 2025)
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	TBC subject to CMP414 send back
CMP397 'Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (Co-Located Generation Sites)'	12 June 2024	TBC (previously 24 January 2025)
Continued...		

Authority Decisions and Update (as at 20 March 2025)

Decisions Pending

Modification	Final Modification Report Received	Expected Decision Date
<u>CMP403</u> 'Introducing Competitively Appointed Transmission Owners & Transmission Service Providers (Section 14)'	11 June 2024	By end of March (previously by end of February)
<u>CMP404</u> 'Introducing Competitively Appointed Transmission Owners & Transmission Service Providers (Section 11)'	11 June 2024	By end of March (previously by end of February)
<u>CMP434</u> 'Implementing Connections Reform'	20 December 2024	Q2 2025
<u>CMP435</u> 'Application of Gate 2 Criteria to existing contracted background'	20 December 2024	Q2 2025
<u>CMP441</u> 'Reducing the credit risk of supplying non-embedded hydrogen Electrolysers'	23 December 2024	18 April 2025

Received Final Modification Reports since last Panel Meeting

Modification	Final Modification Report Received	Expected Decision Date
<u>CMP418</u> 'Refine the allocation of Dynamic Reactive Compensation Equipment (DRCE) costs at OFTO transfer'	11 March 2025	TBC

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>

Inflight Modification Updates

- CMP344: Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology
- CMP452: Suspension of TNUoS Payments for generators connecting during the 2024/25 charging year

Send Back - CMP344: Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology

Second Send Back CMP344 Workgroup Terms of Reference

- a) Provide the charging arrangements which are considered to be the onshore equivalent to cost recovery of Income Adjusting Events (IAEs) and the justification for that position.
- b) Explain and evidence the charging methodology which NESO currently follows for the cost recovery of IAE events and the equivalent onshore comparator, setting out perceived inconsistent treatment if/where evident.
- c) Consider an explanation as to which aspects of onshore and offshore charging arrangements the Proposer considers should be aligned and how that would be achieved by this modification.
- d) Consider whether the analysis, produced for the second FMR, could be adapted or supplemented to provide a more holistic view of the potential impacts
- e) Ensure that send back deficiencies on both letters have been addressed

CMP344 - the asks of Panel

- **AGREE** that the Terms of Reference set for the Second Send Back have been met and the modification can proceed to Code Administrator Consultation

CMP452: Suspension of TNUoS Payments for generators connecting during the 2024/25 charging year Withdrawal

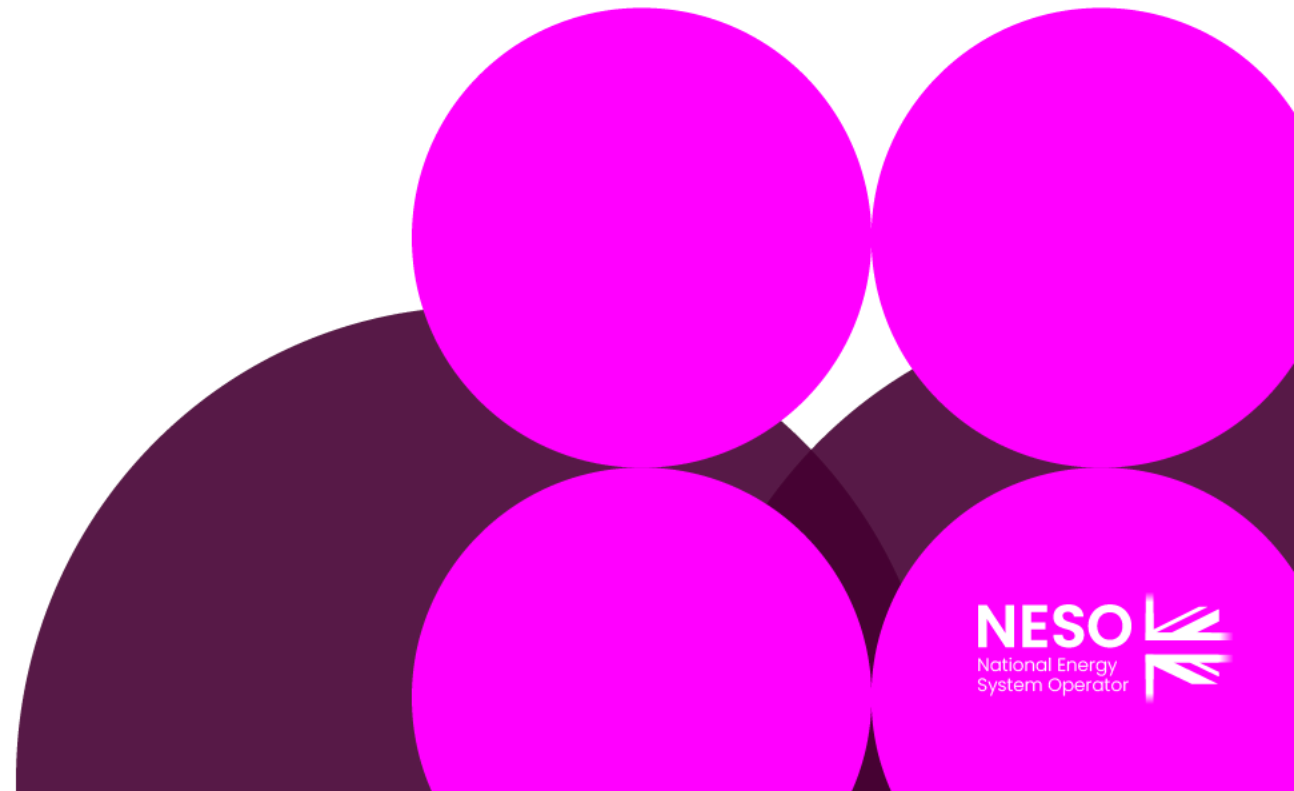
The Proposer withdrew their support for CMP452 on 17 March. A withdrawal window was opened up on 18 March for 5 business days from this date.

CMP452 – the asks of Panel

- **AGREE** that the Modification can be withdrawn under CUSC 8.16.10(c) on the basis that no new Proposers come forward.

Panel Tracker

Catia Gomes, Code Administrator



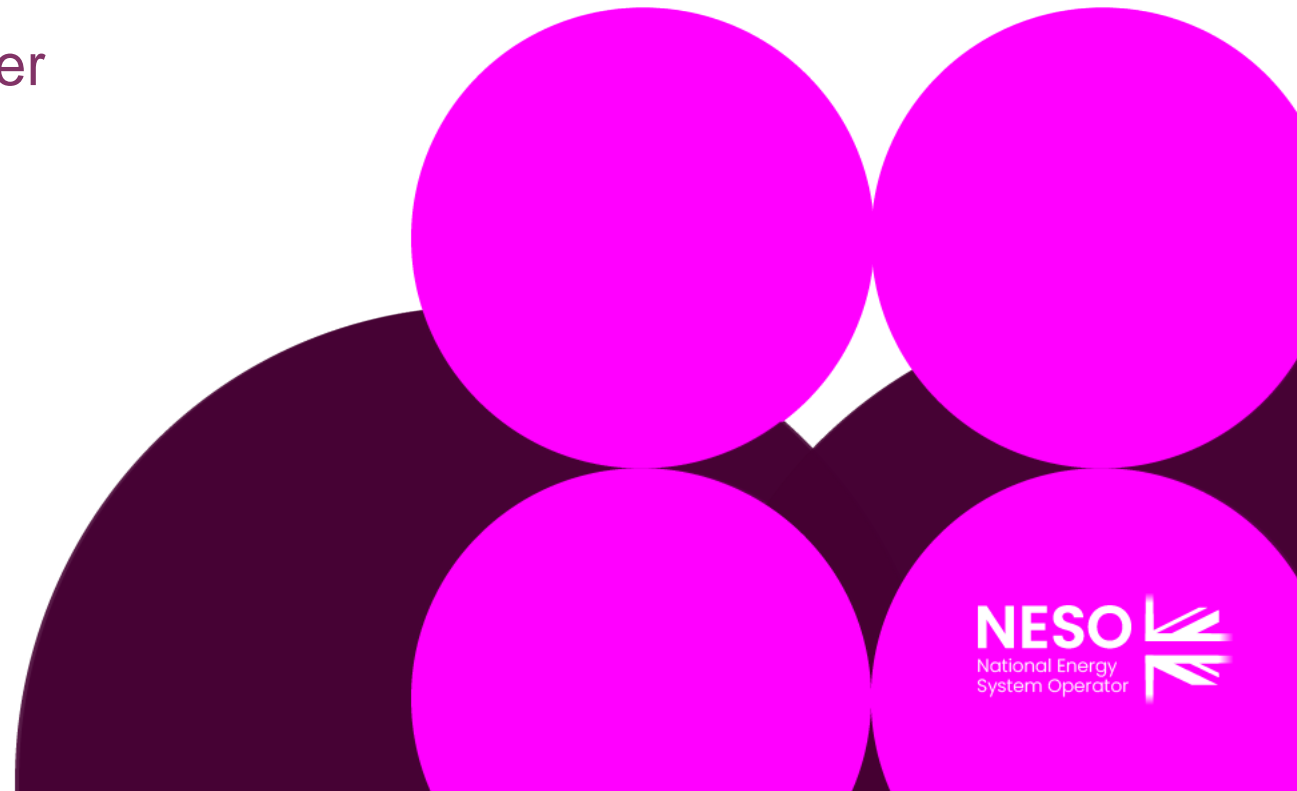
Draft Final Modification Reports

- CMP444: Introducing a cap and floor to wider generation TNUoS charges
- CMP446: Increasing the lower threshold in England and Wales for Evaluation of Transmission Impact Assessment (TIA)

Draft Final Modification Report

CMP444: Introducing a cap and floor to wider generation TNUoS charges

Catia Gomes (Panel Secretary)



Solutions

Proposer's solution:

Apply a single £/kW cap and floor for the whole of GB to each of the YRS (year-round shared), YRNS (year-round not shared) and PS (Peak Security) tariff elements of the wider generation TNUoS charge. The initial £/kW cap and floor values for each element shall be calculated as the 97.5th and 2.5th percentile respectively for each of the different tariff elements across all generation zones and years from the NESO 5-year view TNUoS tariff publication published in April 2024, in 2025/2026 prices.

Ofgem's open letter stated that the cap and floor intervention should be temporary. Although no specific end date has been defined in this modification, NESO believe the cap and floor should remain in place until the reforms through REMA are implemented. Transitional arrangements and/or additional ongoing protection may be required for generators who make an investment decision while the temporary arrangements are effective.

Requested implementation date for the Proposer's solution: 01 April 2026

Solutions

Summary of the WACMs

- **WACM1: Deciles TNUoS Cap & Floor** - WACM1 seeks to set the initial cap and floor for the 2025/2026 year for each of the tariffs as the 90th and 10th percentile, respectively, of the NESO 5-year view TNUoS tariff publication published in April 2024. Other elements of the calculation are the same as the Original solution.
- **WACM2: Removal of the data set for 2029/30** - The calculation of the cap and floor as per the Original solution uses data representing financial years up to and including 2028/29. The difference from WACM2 to the Original solution is that forecast data for 2029/30 is not used.
- **WACM3: Cap and Floor fixed values based on current charging year 2025/26** - WACM3 seeks to fix the cap and floor values using actual tariffs rather than forecast tariffs, specifically the prevailing tariff extremes for charging year 2025/26.
- **WACM4: Two-step cap. Zone 1 to 7 and Zones 8 to 27 based on existing zones and using 1SD** - WACM4 introduces a different way of calculating the various caps when compared to the Original solution by introducing a 2 Tier Zonal Grouping as well as 1 Standard Deviation as opposed to a decile.
- **WACM5: Scaling factor to all tariffs** - WACM5 looks to set a maximum range between the highest and lowest TNUoS zone and an explicit maximum cap for each of the Peak Security, Year-Round Shared and Year-Round Not Shared tariff components. The maximum range and cap for each component will be the highest of the first four years of the latest NESO 5-year view of TNUoS publication, published in April 2024.
- **WACM6: Use of data set 2023/24 to 2027/28** - WACM6 uses the Original solution cap and floor, however, proposes to use for the data set years 2023/24 – 2027/28 instead of the 5-year forecast.
- **WACM 7: Cap set at the maximum value from the 2029/30 tariffs and the Floor set at the minimum value from the 2029/30 tariffs** - In WACM7 the cap and floor are derived from the existing 5 year TNUoS forecast of tariffs published by NESO in April 2024. For each of the following components, the cap is set at the maximum value from the 2029/30 tariffs. For each of the following components, the floor is set at the minimum value from the 2029/30 tariffs.

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses:

Code Administrator Consultation was run from 10 March 2025 to 14 March 2025 and received 27 non-confidential responses and 2 confidential responses. Key points were:

- 21 respondents supported the proposed implementation approach, while 3 did not support it and 3 did not provide a response.
- When asked for their preferred solution, the majority of the respondents stated WACM1 (15 respondents), 4 respondents supported WACM7, the baseline was supported by 2 respondents. WACM3, WACM4 and WACM5 were supported by 1 respondent respectively, the Original solution, WACM2 and WACM6 had no support. 2 respondents had no preference, and 1 respondent did not provide an answer.
- For those supporting WACM1, it was seen as the best solution for addressing the defect, due to its statistical method and effective cap and floor.
- Some respondents expressed concerns with how high charges in the North could hinder Clean Power 2030 Action Plan goals despite the cap and floor implementation.
- There was a recognition by some respondents that reforms will improve predictability for investors while minimising distortion to other Users.
- Respondents emphasised the importance of long-term certainty for securing necessary investment to meet targets outlined in Clean Power 2030 Action Plan.
- No legal text issues identified

CMP444 Asks of Panel

- **NOTE** that this Modification does not 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 Final Modification Report to be issued to the Authority on 28 March 2025.

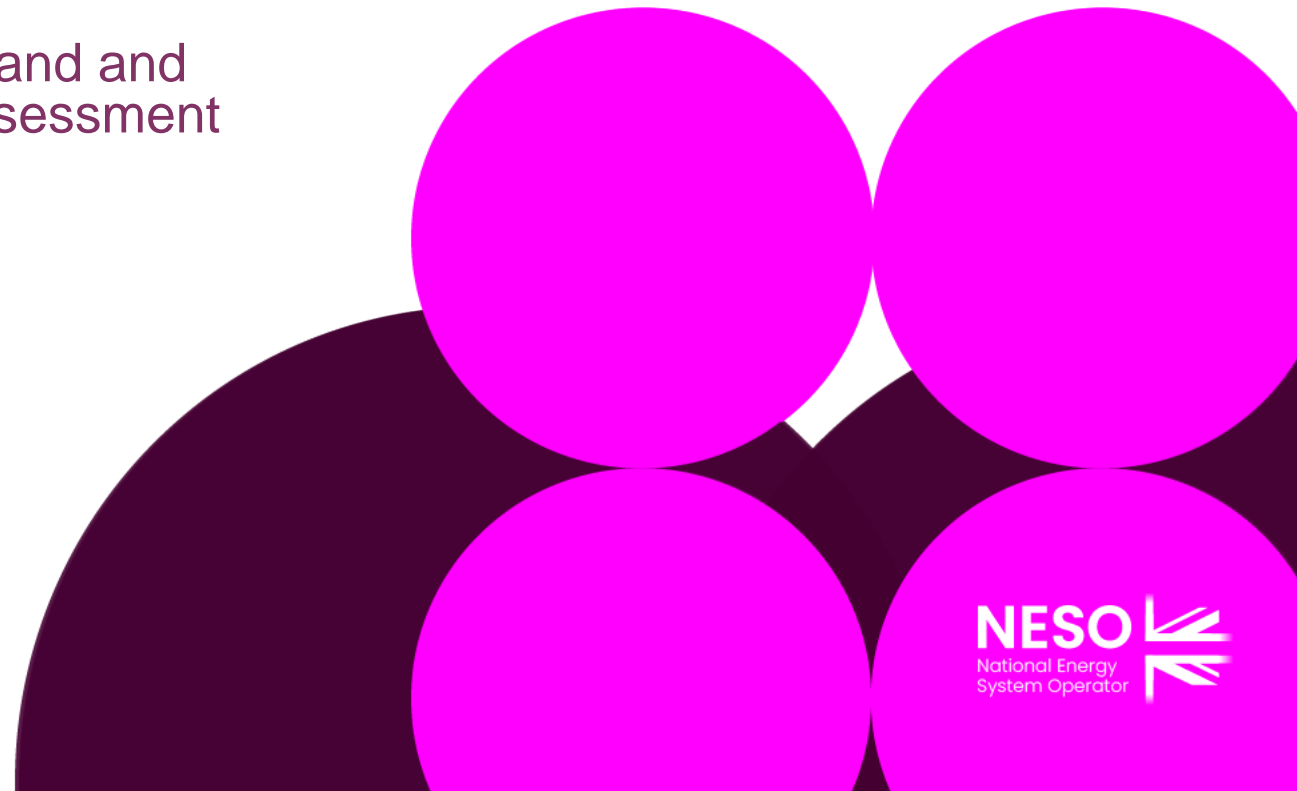
CMP444 Next Steps

Milestone	Date
Final Modification Report issued to Panel to check votes recorded correctly	28 March 2025
Submission of Final Modification Report to Ofgem	28 March 2025
Ofgem decision date	01 July 2025
Implementation Date	01 April 2026

Draft Final Modification Report

CMP446: Increasing the lower threshold in England and
Wales for Evaluation of Transmission Impact Assessment

Catia Gomes (Panel Secretary)



CMP446 Solutions

Solution of solutions:

- **Proposer's solution:** It is proposed that the lower Transmission Impact Assessment threshold will be raised from 1MW to 5MW in England and Wales using Registered Capacity for measuring the threshold.
- **WACM1 ('Export Capacity' instead of 'Registered Capacity' for measuring the Threshold):** As per the Original but using 'Export Capacity' instead of 'Registered Capacity' for measuring the threshold.
- **WACM2 (Obligation on NESO to publish a list of each GSP and actively state the TIA threshold to be used as agreed between the NESO, DNO and TO – using Registered Capacity for measuring the threshold):** As per the Original Solution, the default TIA threshold will be set at 5MW unless otherwise stated in the published list.
- **WACM3 (Capping the capacity of projects benefitting from the higher threshold, per GSP, per 5-year period – using Registered Capacity for measuring the threshold):** Limiting the total of 1-5MW projects that can connect without a TIA in England and Wales to 25MW per GSP per 5-year period
- **WACM4 (Capping the capacity of projects benefitting from the higher threshold, per GSP, per 5-year period, – using Export Capacity for measuring the threshold) :** As per WACM3 but using 'Export Capacity' instead of 'Registered Capacity' for measuring the threshold
- **WACM5 (Obligation on NESO to publish a list of each GSP and actively state the TIA threshold to be used as agreed between the NESO, DNO and TO – using Export Capacity for measuring the threshold):** As per WACM2 but using 'Export Capacity' instead of 'Registered Capacity' for measuring the threshold For the changes proposed in CMP446 5MW is a project 4.95MW or above

Code Administrator Consultation Responses

Summary of Code Administrator Consultation Responses:

Code Administrator Consultation was run from 10/03/2025 to 17/03/2025 and received 16 non-confidential responses and 0 confidential responses. Key points were:

- All 16 respondents supported the implementation approach
- When asked for their preferred solution, the majority stated WACM1 (10 respondents), with 3 respondents stating WACM5, 2 respondents stating WACM4 and 1 respondent stating the Original.
- Respondents stated that WACM1 would have a positive impact on demand customers who want to have on-site generation/storage to support the increase in EV charging needs while not exporting to the distribution/transmission network.
- Several respondents referenced the codification of Scotland in future modifications – there was differing views on the importance of this.
- Several respondents emphasised the need for greater transparency from NESO, TOs, and DNOs to fully realize the benefits of CMP446.
- Several respondents had concerns about the different unit of measurement proposed by ‘Registered Capacity’, which could introduce confusion, and therefore supported ‘Export Capacity’ for its more accurate definition. Respondents highlighted the need for sufficient controls and checks to ensure larger developments do not circumvent the TIA requirements by splitting up connection points and treating them as multiple separate embedded generators.
- No legal text issues identified

CMP446 Asks of Panel

- **NOTE** that this Modification does not 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

CMP446 Next Steps

Milestone	Date
Final Modification Report issued to Panel to check votes recorded correctly	28 March 2025
Submission of Final Modification Report to Ofgem	28 March 2025
Ofgem decision date	29 April 2025
Implementation Date	02 May 2025

EBR Article 3 Objectives

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

1. 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.

Discussions on Prioritisation

- AGREE any movements in the current prioritisation stack and CARRY OUT deep-dive assessment of all

Standing Groups

Updates on all standing groups relevant to CUSC Panel e.g. potential for future governance changes or modifications

TCMF – NESO Panel Member

- Previous meeting – 06 March 2025 [Meeting materials and Headline Report](#)
- Next meeting – 10 April 2025

European Updates

Updates on all European developments relevant to CUSC panel e.g. potential for future governance changes or modifications

- European Code Development – Nadir Hafeez
- Joint European Stakeholder Group – Garth Graham
 - Previous meeting - 11 March 2025 [Meeting materials and Headline Report](#)
 - Next meeting – 08 April 2025

Updates on other industry codes

26 February 2025 STC [Panel Papers and Headline Report](#)

27 March 2025 Grid Code Review [Panel Papers and Headline Report](#)

07 March 2025 Special SQSS [Panel Papers and Headline Report](#)

Activities ahead of the next Panel Meeting

Transmission Charging Methodologies Forum	10 April 2025
Modification Proposal Deadline for April Panel	15 April 2025
Papers Day	24 April 2025
Panel Meeting	02 May 2025 Faraday House

Close

Trisha McAuley OBE

Independent Chair, CUSC Panel