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for energy consumers

Anthony Pygram
Independent Chair, CUSC Panel
c/o National Energy System Operator
Faraday House, Gallows Hill
Warwick, CV34 6DA

Date: 19 November 2025

Delivered by email

Dear Anthony,

**Connection and Use of System Code ('CUSC') Modification Proposal CMP463
'Stabilising the Specific Onshore Expansion Factors from 1 April 2026'¹ - decision on
urgency**

On 14 November 2025, SSE Generation ('the Proposer') raised CMP463 ('the Proposal'). This Proposal concerns the Specific Onshore Expansion Factors ('SEFs'), which are a multiplier used within the Transmission Network Use of System ('TNUoS') regime to reflect the relative cost of transporting power across certain circuits. The SEF is circuit-specific, and is derived from the actual costs of relevant transmission circuits such as onshore high-voltage direct current ('HVDC') links. CMP463 seeks to stabilise SEFs at 2025/26 values for the start of the RIIO-T3 period², which begins on 1 April 2026.

The CUSC Modifications Panel ('the Panel') considered the Proposer's urgency request at its meeting on 14 November 2025. The Panel unanimously agreed that CMP463 meets Ofgem's Code Modification Urgency Criteria³ and recommended that the Proposal should be treated as an Urgent CUSC Modification Proposal. Following the Panel meeting, we⁴

¹ <https://www.neso.energy/industry-information/codes/cusc/modifications/cmp463-stabilising-specific-onshore-expansion-factors-1st-april-2026>

² RIIO-T3 is the next price control period for the transmission network, starting April 2026.

³ [Ofgem Guidance on Code Modification Urgency Criteria](#)

⁴ References to the "Authority", "Ofgem", "we", and "our" are used interchangeable in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

received a formal request for CMP463 to be treated as urgent⁵. We have considered both the Panel's and the Proposer's arguments. We have decided that CMP463 should be progressed on an urgent basis. We set out our reasoning below.

Background

Generators and demand users pay for the ongoing costs of the transmission network via TNUoS charges. These charges comprise cost-reflective elements and, for demand, residual charges. The cost-reflective components are designed to reflect the different costs of demand and generation at various locations on the transmission network, thereby incentivising the efficient use of the system.

SEFs are one of the inputs to the TNUoS charging methodology. SEFs reflect the annuitised cost of certain, individually-costed transmission circuits, such as HVDC links relative to standard 400kV overhead line. They act as multipliers within the transport model and directly influence the locational charges faced by users connected to, or whose power flows across, those circuits.

SEFs are calculated using the actual project costs of the relevant circuit and have remained stable during the current RIIO-T2 price control. We have published our draft determinations⁶ in respect of the RIIO-T3 price control, and the National Energy System Operator (NESO) has updated the financial treatments applied within the charging model to reflect these draft determinations, including changes to annuity and overhead cost assumptions. As a result, NESO's latest forecast of TNUoS tariffs for the period starting on 1 April 2026 shows an increase of around 41% in the SEFs for affected circuits. This increase does not necessarily lead to a 41% increase in tariffs, however the Proposer considers it does have a potentially significant effect on TNUoS charges. The 41% increase in the SEF materialises if our final determinations are the same as our drafts⁷. Final tariffs for 2026/27 will be published in January 2026, following confirmation of our final decisions

⁵ <https://www.neso.energy/document/372111/download>

⁶ [RIIO-3 Draft Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors | Ofgem](#)

⁷ Our current view is that it is likely any variation from our drafts will not change the 41% increase to an extent that materially impacts this urgency decision

in respect of RIIO-T3.

The Proposal

The Proposer has requested to change Section 14 of the CUSC to allow the SEFs to be stabilised at their 2025/26 values from the start of the RIIO-T3 price control. The Proposer has stated this would align the treatment of SEFs with that already applied to the Expansion Constant and Non-Specific Onshore Expansion Factors, and would provide time for the wider Reformed National Pricing programme of work to consider broader changes to the transmission charging regime.

In its urgency request, the Proposer explained why it was requesting urgency, highlighting one of the three urgency criteria: (a) a significant commercial impact on parties, consumers or other stakeholders. The Proposer considers that the significant commercial impact arises because the latest NESO forecast for 2026/27 indicates – in their view - substantial and unforecastable increases in TNUoS charges for some generators. The Proposer also stated that, if the Proposal were not treated as urgent, there would be insufficient time to complete and approve the modification in advance of the tariff-setting process that concludes with the publication of final tariffs in January 2026.

The Proposer refers to the approach taken under CMP353⁸, in which the Expansion Constant and Non-Specific Onshore Expansion Factors were held at existing levels at the start of the RIIO-T2 period. They consider that CMP353 is relevant context for CMP463, as it involved a temporary stabilisation of charging parameters where forecast changes were significant and occurred at the point of a new price control. The Proposer asserts that applying a similar stabilisation to the Specific Onshore Expansion Factors would ensure consistent treatment of these inputs during the transition into RIIO-T3, pending the outcome of the wider TNUoS review.

Panel view

⁸ <https://www.neso.energy/industry-information/codes/cusc/modifications/cmp353-stabilising-expansion-constant-and-non-specific-onshore-expansion-factors-1st-april-2021>

The Panel considered the request for urgency by reference to Ofgem’s Guidance on Code Modification Urgency Criteria. At its meeting on 14 November 2025 the Panel unanimously agreed to recommend to Ofgem that CMP463 should be progressed as an Urgent Modification Proposal. The full arguments in respect of urgent treatment are set out in the letter from the Panel.

Our decision

In reaching our decision on urgency we have considered the details within the Proposal, the justification for urgency, and the views of the Panel. We have also assessed the request against the urgency criteria set out in our published guidance⁹. Our guidance sets out that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed, may cause:

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

We note that the Proposal relates specifically to an aspect of the methodology which otherwise changes only once every price control, which means that this is the current window of opportunity under existing arrangements to alter the approach to the SEF for RIIO-T3. In the context of our broader aim to focus on longer-term TNUoS charging issues, this window of opportunity has been an important factor in our decision to approve the urgency request.

We are satisfied that the progression of the Proposal is related to an imminent issue which, if not urgently addressed, may cause a significant commercial impact on parties, consumers or other stakeholders. We therefore consent to this modification proposal being treated as urgent.

We have considered the timeline presented by the Panel. We note that under that

timeline, we have been given until Friday 21 November 2025 to approve the request for urgency. We have provided our decision on urgency two days earlier than the date originally requested, as this may assist the Panel and the Code Administrator in being able to provide the Final Modification Report by, or before, the timeline date set out in the urgency timetable.

We agree the modification should follow the overall timeline set out below, with a three-day Code Administrator Consultation, and the provision of the Final Modification Report being sent to us no later than 12 December:

Process	Date
Modification presented to Panel	14 November 2025
Ofgem Decision on Urgency	By 5pm 21 November 2025
Code Administrator Consultation	25 – 28 November 2025
Draft Final Modification Report (DFMR) issued to Panel	04 December 2025
Panel undertake DFMR recommendation vote	12 December 2025
Final Modification Report issued to Panel	12 December 2025
Final Modification Report issued to Ofgem	12 December 2025

Given the very short amount of time between the submission of the Final Modification Report and the NESO's tariff-setting window, we request that the Code Administrator inform us immediately of any potential delays to the timeline. For the avoidance of doubt, in granting the request for urgency we have made no assessment of the merits of the Proposal, and nothing in this letter in any way fetters our discretion in respect of the Proposal.

Yours sincerely,

Harriet Harmon

Head of Electricity Transmission Charging
Energy Systems Management and Security

Duly authorised on behalf of the Authority