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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: 27 April 2026

Delivered by email

Dear Anthony,

Decision on CUSC Modification Panel’s recommendation for CMP475¹ ‘Amendment to the BSUoS tariff reset process’ to be treated as an Urgent CUSC Modification Proposal

On 15 April 2026, the National Energy System Operator (‘NESO’) (the ‘Proposer’) raised CMP475 (the ‘Proposal’). This Proposal concerns the Balancing Services Use of System (‘BSUoS’) tariff reset process within the Connection and Use of System Code (‘CUSC’). BSUoS charges are used to recover the costs incurred by NESO in balancing the electricity system and are currently set as fixed tariffs over defined periods. CMP475 seeks to amend the existing arrangements to allow NESO to reopen fixed tariff periods and introduce a mechanism to recover the financial position of the BSUoS Working Capital Facility (‘WCF’), in response to increased volatility in balancing costs.

The CUSC Modifications Panel (the ‘Panel’) considered the Proposer’s urgency request at its meeting on 21 April 2026. The Panel unanimously agreed that CMP475 meets Ofgem’s Code Modification Urgency Criteria² and recommended that the Proposal should be treated as an Urgent CUSC Modification Proposal. Following the Panel meeting, we³ received a formal request for CMP475 to be treated as urgent⁴. We have considered

¹ <https://www.neso.energy/document/380516/download>

² [Ofgem Guidance on Code Modification Urgency Criteria | Ofgem](#)

³ References to the “Authority”, “Ofgem”, “we”, and “our” are used interchangeably 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.

⁴ [CMP475 Urgency Request Letter v2.0.pdf](#)

both the Panel's and the Proposer's arguments. We have decided that CMP475 should be progressed on an urgent basis. We set out our reasoning below.

Background

BSUoS charges are the means by which NESO recovers the costs associated with balancing the electricity transmission system in Great Britain (GB). These charges are levied on Final Demand consumers in GB based on the amount of energy imported from the transmission network.

BSUoS charges are currently set as fixed tariffs over defined periods, following changes introduced through CMP408⁵ and CMP415⁶, which established 12-month fixed price periods with seasonal splits and a minimum notice period.

Under the current arrangements, NESO is able to reset BSUoS tariffs within a fixed period where it forecasts a material under-recovery of costs. This mechanism allows for the recovery of forecast shortfalls but does not provide for recovery beyond that level within the same tariff period. As a result, the position of the BSUoS WCF at the point of a reset is maintained going forward, rather than being restored to a neutral position.

The Proposal

The Proposer has requested to amend Section 14 of the CUSC to modify the BSUoS tariff reset arrangements. In particular, the Proposer seeks to enable the reopening of fixed BSUoS tariff periods where NESO forecasts that the WCF will be exceeded, and to introduce a mechanism to allow recovery of the WCF position toward a neutral level within a tariff period.

The Proposer has highlighted one of the three urgency criteria in its request for urgency: *(a) a significant commercial impact on parties, consumers or other stakeholders*. The Proposer states they may become unable to operate the National Electricity Transmission System (the 'NETS') without the Proposal being in place and that an urgent solution is therefore necessary.

Panel view

The Panel considered the request for urgency by reference to Ofgem's Guidance on Code Modification Urgency Criteria. At its meeting on 21 April 2026 the Panel unanimously agreed to recommend to Ofgem that CMP475 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. It should be noted that the Proposer's assertion that its

⁵ [Decision on CMP408: Allowing consideration of a different notice period for BSUoS tariff settings](#)

⁶ [Decision on CMP415: Amending the Fixed Price Period from 6 to 12 months](#)

ability to operate the NETS would be compromised without this Proposal being given urgent status was recognised by a Panel member as being relevant to our urgency criterion b): *a significant impact on the safety and security of the electricity and/or gas systems*, rather than to criterion a). We understand from the Panel that the Proposer orally confirmed at the Panel meeting on 21 April 2026 that the operation of the NETS was not at risk.

Our decision

In reaching our decision on urgency we have considered the details within the Proposal, the justification for urgency, the views of the Panel, and the proposed timeline. We have also assessed the request against the urgency criteria set out in our published guidance.

In the context of increased volatility in balancing costs and the potential for pressures on the BSUoS WCF, the timing of this Proposal is an important factor in our consideration of urgency.

We are satisfied that the progression of the Proposal is related to a potential issue which, if it materialises within the current tariff periods, may give rise to a significant commercial impact on parties, consumers or other stakeholders, insofar as it could lead to multiple tariff resets in a condensed period of time were the WCF to be repeatedly breached without being reset.

We agree with the Panel member who noted that although they requested urgency under criterion a), as NESO had indicated that without the Proposal, the operation of the electricity system would be at risk, it seems that their justification sits better under criterion b) as set out above. We do not, however consider that there is sufficient evidence to support the statement by NESO that without the Proposal being given urgent status the security of the system would be at risk.

We expect NESO to be transparent and accurate in its dealings with us, the Panel and industry. Its justification for urgency has been presented to us as, *“If this [the WCF being ‘under pressure’] were to happen then NESO could lose the ability to be able to effectively manage the NETS (National Electricity Transmission System) as it cannot pay for balancing actions, by market participants, so endangering security of the electricity system.”*

Whilst NESO later orally confirmed that despite its written submission to Panel, it would not stop operating the system if the WCF were put under pressure, we recognise that the original statement, as set out in the Proposal and again in the request for urgency could cause undue alarm across the sector, including at governmental and regulatory levels. We will raise our concerns on the presentation of this issue directly with NESO, but we would urge all parties to consider how best to accurately convey the perceived urgency of a matter when seeking approval for urgency requests.

We consent to this modification proposal being treated as urgent.

We agree the modification should follow the overall timeline set out below, with a five working day Code Administrator Consultation, and the provision of the Final Modification Report being sent to us no later than 10 July 2026.

Modification Stage	Date
Ofgem Decision on Urgency	By 5pm on 27 April 2026
Code Administrator Consultation	23 June - 29 June 2026
Draft Final Modification Report (DFMR) issued to Panel	07 July 2026
Final Modification Report issued to Panel	10 July 2026
Final Modification Report issued to OFGEM	10 July 2026

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,

James Stone

Head of Electricity Network Charging - Energy Systems Management & Security

Duly authorised on behalf of the Authority