

Transmission Charging Methodologies Forum & CUSC Issues Steering Group



10th January 2018

Welcome

Jon Wisdom, National Grid

Actions

TCMF Month	Requestor	Agenda Item	Action	Owner	Notes	Target Date	Status
Dec-17	PJ	Co-location Guidance Note	Confirm if a spare bay would be considered a new or existing connection	SY	SY and MO are going to pull together a brief response which can be circulated to TCMF members in January.	Jan-18	On-going
Dec-17	GG	Co-location Guidance Note	Confirm if any sites are currently impacted by this guidance note.	SY		Jan-18	On-going
Dec-17	-	Co-location Guidance Note	SY to take away how the document is framed and set the tone according to feedback received	SY		Jan-18	On-going
Dec-17	NF	CMP261 - Update	Look into the possibility of creating some scenarios around outcomes of CMP261 appeal	JW	Not possible ahead of the conclusion of the appeal.	Jan-18	Complete
Dec-17	All	Tariff Update - 5 year forecast	Explore if there is a way to identify mailing lists in email communications such that people know which mailing list that they are on	JW & RT	Exploring if we can get all mailshots to identify which mailing list they originate from.	Mar-18	On-going
Dec-17	PB	AOB	Make enquiries re missing website content specifically in relation to previous mods (TCMF members asked to advise when they come across any additional missing content)	RT	We agree that the content should remain on the website and are investigating ways to ensure it is reinstated. If you require this information in the interim please get in contact with cusc.team@nationalgrid.com	Mar-18	On-going

Today's TCMF

CUSC Modifications Update

**Electricity System Operator incentives 2018-
2021**

TNUoS Tariff Timetable Update

Today's CISG

Accelerating Connections Update

Statement of Works

AOB

CUSC Modifications Update

Caroline Wright, Code Admin

New Modifications and Ofgem decisions

- No new modifications were tabled at the December CUSC Panel
- Ofgem decisions and pending decisions since last TCMF:

Mod Ref	Mod area	Customer impacted	Proposal raised by	Decision
CMP251	Ensuring that there is no risk of non-compliance with European Regulation 838/2010 by removing the error margin introduced by CMP224 and by introducing a new charging element to the calculation of TNUoS	Suppliers and Generators	British Gas	With the Authority for decision – was expected Dec 17 but Ofgem confirmed that the decision on CMP251 is now on hold due to the appeal to the CMA against the CMP261 decision

Ongoing modification proposals

Mod Ref	Mod area	Customer impacted	Proposal raised by	Process stage	Key activities since last update	Next steps
CMP250	BSUoS: proposing to fix the value of BSUoS over the course of a season, with a notice period for fixing this value being at least 12 months ahead of the charging season.	Customer liable for BSUoS charges	DRAX	Draft Final Modification Report	Code Admin Consultation	Draft FMR published 3 January 2018 and CUSC Panel recommendation vote at the January 2018 meeting

Ongoing modification proposals

Mod Ref	Mod area	Customer impacted	Proposal raised by	Process stage	Key activities since last update	next steps
CMP271	Improving the cost reflectivity of demand transmission charges	Generators, Suppliers, Embedded Generators	RWE	Workgroup meetings ~ suspended	WG received update on impact of SCR on CMP271	<p>Ofgem published further clarity to the industry on the scope of the SCR/TCR on 6 November 2017 and Code Admin discussed impact with the Proposers and the WG.</p> <p>The CUSC Panel at its November 2017 meeting agreed to a further extension to the point that Ofgem issues its minded-to position or another event means that the WG should be re-convened.</p>
CMP274	Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS	Generators, Suppliers, Embedded Generation, Transmission Network Operators, HH Demand Customers	UK Power Reserve		WG received update on impact of SCR on CMP274	
CMP276	Socialising TO costs associated with 'green polices' (reduction in the demand residual element of the TNUoS £/kW ("Triad") charge by creating two new charge lines for all demand offtakes	Parties that manage demand during Triad periods, i.e. embedded generators and those half hourly metered consumers who respond to Triad	Alkane Energy		WG received update on impact of SCR on CMP276	

Ongoing modification proposals

Mod Ref	Mod area	Customer impacted	Proposal raised by	Process stage	Key activities since last update	next steps
CMP275	Preventing BM units from accessing multiple sources of duplicate and overlapping revenue from ancillary services on the same asset	Generators, Transmission Company and Ancillary Service Providers	UK Power Reserve	WG finalising report , legal text and considering any alternatives	WG meeting held 6 October to discuss legal text changes	<p>Work is still progressing on the legal text and from this whether any alternative options should be considered by the Workgroup. The date of the next meeting has not been arranged as is dependent on further clarity from National Grid's legal team.</p> <p>The current timetable has that the Panel at its January 2018 meeting will be asked to approve that the report is issued for Code Admin Consultation. An extension likely to be requested at the January 2018 Panel meeting.</p>

Ongoing modification proposals

Mod Ref	Mod area	Customer impacted	Proposal raised by	Process stage	Key activities since last update	next steps
CMP280	TNUoS: remove liability from Generators for the Demand Residual element of the TNUoS tariff.	Suppliers	Scottish Power	WG to continue developing the Proposal. Meeting 19 December 17	WG to continue developing the Proposal.	Next meeting due to be held 29 January 2018
CMP281	BSUoS: remove liability from Generators BSUoS charges on imports					Workgroup consultation due to be issued at the start of January 2018. A 3 month extension to be requested at the January 2018 CUSC Panel meeting (WG Consultation April 2018)

Ongoing modification proposals

Mod Ref	Mod area	Customer impacted	Proposal raised by	Process stage	Key activities since last update	next steps
CMP284	Improving TNUoS cost reflectivity (Reference Node)	Suppliers, Generators and end customers that pay TNUoS	PeakGen		The Proposer has withdrawn support for CMP284; in line with the CUSC industry had 5WDs from notification for a Relevant Party to take over as official Proposer of CMP284. No support is received	CUSC Panel formally withdrew CMP284 at its December 2017 meeting
CMP285	CUSC Governance Reform – Levelling the Playing Field	All CUSC Signatories	UKPR	Workgroup is continuing to develop the Proposal	WG meeting held 27 November	Next meeting due to be held 22 January 2018 Workgroup consultation due to be issued at the start of January 2018. Post meeting on 22 January 2018 will review what extension request is needed

Ongoing modification proposals

Mod Ref	Mod area	Customer impacted	Proposal raised by	Process stage	Key activities since last update	next steps
CMP286	Improve the predictability of TNUoS demand charges by bringing forward the date at which the target revenue used in TNUoS tariff setting is fixed to allow customer prices to more accurately reflect final TNUoS rates.	Suppliers, Generators, embedded generators and National Grid	Npower	Workgroup meeting has been arranged	n/a	First WG arranged for 18 January 2018
CMP287	Improve the predictability of TNUoS demand charges by bringing forward the date at which certain parameters used in TNUoS tariff setting (such as demand forecasts) are fixed to allow customer prices to more accurately reflect final TNUoS rates					

CUSC Modifications

Plan on a Page and other CUSC Panel related material can be accessed using the following link:

<https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code?meeting-docs>

WG - Workgroup
 ConS – Consultation
 WG ConC – Workgroup Conclusion
 CA – Code Administrator Consultation
 DRMR – Draft Final Modification Report
 * *Timetable at risk/to be confirmed by Panel*

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With Authority, awaiting decision – please refer to the following link for further information:
https://www.ofgem.gov.uk/system/files/docs/2017/04/indicative_decision_dates_for_modification_with_ofgem.pdf

CMP251 - Remove error margin cap on TNUoS compliance with EU (British Gas)

	January	February	March	April	May	June	July
Modifications							
CMP250 - Stabilising BSUoS with 12 month notice period (Drax Power)		DF MR	◊	With Authority			
* CMP271 - Improving the cost reflectivity of demand tx charges (RWE) and CMP274 - Winter TNUoS Time of Use Tariff for Demand TNUoS (UK Power Reserve) and CMP276 – Socialising T costs associated with “green policies” (Alkane)	WG Mod Dev on hold pending outcome from SCR/TCR						
* CMP275 - Transmission generator benefits in the provision of ancillary and balancing services – levelling the playing field.’		WG ConC	◊	CA ConS	DF MR	◊	With Authority
* CMP280 - New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Gen and Storage Users’ and CMP281 - Removal of BSUoS Charges From Energy Taken From the National Grid System by Storage Facilities (Scottish Power)	WG	WG ConS	WG ConC	◊	CA ConS	DF MR	◊
* CMP285 - CUSC Governance Reform – Levelling the Playing Field’ (UKPR)	WG	WG ConS	WG ConC	◊	CA ConS	DF MR	◊
* CMP286 - Improving TNUoS Predictability Through Increased Notice of the Target Revenue used in the TNUoS Tariff Setting Process. (npower) and CMP287 - Improving TNUoS Predictability Through Increased Notice of Inputs Used in the TNUoS Tariff Setting Process. (npower)	WG Mod Dev						



Code Governance Team – who to contact

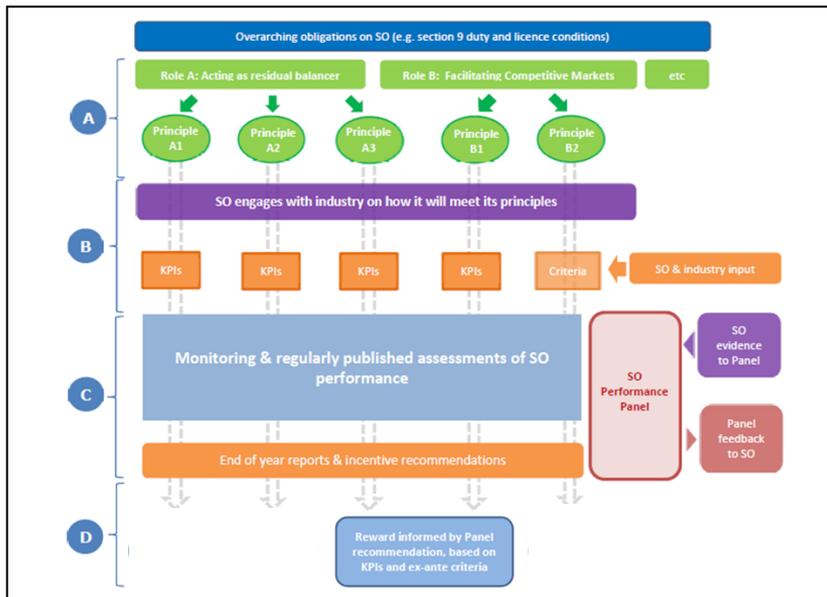
- For **CUSC** related matters Email: cusc.team@nationalgrid.com
- For **Grid Code** related matters Email: Grid.Code@nationalgrid.com
- For **STC** related matters Email: STCTeam@nationalgrid.com
- For **SQSS** related matters contact Email: box.SQSS@nationalgrid.com
- For **JESG** related matters Email: box.europeancodes.electricity@nationalgrid.com

Electricity System Operator incentives 2018-2021

David Bowman, National Grid

The ESO's regulatory and incentive regime is being revamped nationalgrid

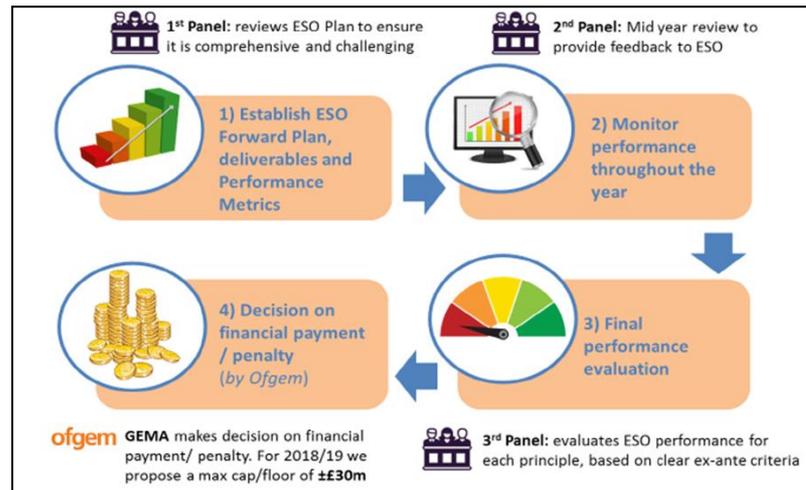
1. New regulatory framework resulting in a single incentive payment up to \pm £30m each year



More details:

- Ofgem consultation published 15 December 2017
- ESO Business Plan published for consultation at the beginning of February

2. New (largely evaluative) incentive performance process



No more BSIS!

The current stand-alone incentives become part of the performance metrics

- BSIS
- Demand Forecasting Incentives
- SO-TO mechanism

Timeline and impact on BSUoS



Key points on timeline

- Two main issues:
 - Incentive decision not finalised until summer following year end. Reconciliation typically started before then.
 - This process is new and evaluative – we need to agree a process to forecast reward/penalty. We are still negotiating how much will be agreed ex-ante.
- We recognise the uncertainty this leads to.
- In addition, there may be future changes from April 2019 to reflect legal separation and/or 18-19 being a “trial” period

Our proposals

- Incentive revenue collection is a CUSC defined process. Thus, CUSC mods will be needed
- We recognise the links between the CUSC BSUoS charging methodology and the licence terms within the incentive framework
- **To simplify the process, we are exploring changing the CUSC to reflect the licence conditions so the charging methodology can be updated without needing CUSC mods for every change**
- **In addition, we propose engaging in an open and transparent manner with Ofgem now around how we might forecast and recover revenue in a way that reduces uncertainty and volatility.**
- We welcome your views on this and will continue to engage through this and other forums. Please do share your views with Ofgem in their consultation (due 19/1)

TNUoS Tariff Timetable Update

Paul Wakeley

Revenue Manager, National Grid

TNUoS Tariff Process Update

2018/19 TNUoS

- Draft Tariffs Published
- Final Tariffs by 31 January

2019/20 TNUoS

- Five Year Forecast: Nov 2017
- See later slide

Changes to 2018/19 Methodology

Approved – Implemented in Draft Tariffs

- CMP264/265 – Gross Charging for Demand
- CMP268 – Conventional Carbon Generation Tariffs
- CMP282 – Demand Locational
- CMP283 – Interconnector Revenues

Pending – With Ofgem

- CMP251 – enduring changes to Euro Cap

nationalgrid Mods potentially affecting 2018/19 Tariffs

- **CMP261: Ensuring the TNUoS paid by Generators in GB in Charging Year 2015/16 is in compliance with the €2.5/MWh annual average limit set in EU Regulation 838/2010 Part B (3). Modification status**
 - Ofgem rejected this modification. This decision has been referred to the CMA [1]
- **CMP264/265: Changes to TNUoS embedded benefit through Gross charging for Demand**
 - Ofgem has been served with a claim for judicial review concerning its decision to approve WACM4 of CUSC modifications CMP264 and CMP265 [2]
- **Ofgem's original decisions are reflected in 2018/19 tariffs.**
 - We will continue to communicate any changes to 2018/19 tariffs as soon as we can.

1. <https://www.ofgem.gov.uk/publications-and-updates/response-sse-and-edf-energy-appeal-against-ofgem-decision>
2. <https://www.ofgem.gov.uk/publications-and-updates/update-our-decision-industry-proposals-cmp264-and-cmp265>

Draft Timetable for 2019/20 TNUoS Tariffs

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Date	Planned Publication
By end of April 2018	Forecast of 2019/20 TNUoS tariffs
By end of June 2018	Forecast of 2019/20 TNUoS tariffs
By end of August 2018	Forecast of 2020/21 to 2023/24 TNUoS tariffs
By end of November 18	Draft 2019/20 TNUoS tariffs
31 January 2019	Final 2019/20 TNUoS tariffs

We are required to write to the industry by 31st January to confirm our planned timetable.

Which inputs change in quarterly forecasts nationalgrid

		November 17 Five Year Forecast	April	June	November	FINAL Jan
Methodology			Open to industry governance			
Locational	DNO/DCC Demand Data	Week 24 Updated	Previous year		Week 24 updated	
	Contracted TEC	Latest TEC Register	Latest TEC Register	Latest TEC Register	TEC Register Frozen at 31 October	
	Network Model	Latest version of ETYS (17)	Previous year (except new local circuits)		Latest version of ETYS (18)	Final parameters for new HVDC
Residual	Allowed Revenue	Latest estimate	Update financial parameters	Update financial parameters	Latest TO Forecasts & RPI	From TOs
	Demand Charging Bases	Revised Forecast	Revised Forecast	Revised Forecast	Final Forecast	By exception
	Generation Charging Base	NG Best View	NG Best View	NG Best View	NG Best View	NG Final Best View
	Generation ALFs	Latest versions	Previous Year		New ALFs published	
	Generation Revenue	Forecast	Forecast – latest OBR Forecast	Fixed Gen Rev £m		

For all TNUoS Queries

Contact Us charging.enquiries@nationalgrid.com 01926 654633

CUSC Issues Steering Group (CISG)

Accelerating Connections Update

Rachel Tullis, National Grid

Update

During engagement on code modification plans some very valid points have been raised that we need to address:

- Difference between queue management principles proposed for transmission and those used at distribution
- Concerns regarding resource and level of detail associated with process
- Differences in terms & conditions for transmission and distribution contracts

Currently exploring if we can do more work with the Electricity Networks Association (ENA) to address the above issues – aim end of Q1 2018 to resolve

Mindful of anticipated output of Access Task Force in April / May and subsequent Ofgem consultation in summer:

- If proposals not going to be materially impacted by outcome of consultation – raise mod in Summer 18
- If proposals are going to be materially impacted by outcome of consultation – await outcome and review as required

We will provide a further update to CISG prior to modification being raised

Additional Information

For more information on workshop outputs & further work please contact:

Archana Sengar

archana.sengar@nationalgrid.com

Statement of Works

Rachel Tullis & Richard Smith, National Grid

Statement of Works

- Statement of Works Process outlined in CUSC section 6.5 (Obligations of Users Who Own or Operate Distribution Systems)
- Designed to identify impact on the NETS of Distributed Generation (DG), not subject to a BEGA or BELLA, wishing to connect to the Distribution System:
 - On receipt of request for connection to / use of Distribution System DNO to make a request for a Statement of Works to NGET
 - NGET will respond with a Statement of Works
 - DNO to return Confirmation of Project Progression

What is the issue?

- Current Statement of Works process considered not to be fit for purpose where there are high volumes of applications:
 - Can take up to 12 months to complete (from initial generator application to DNO)
 - Does not consider the aggregation of multiple distributed generators making for an inefficient process

What has been done by industry?

- CMP238
 - Allowed DNOs to skip stage 1 of the Statement of Works process where the DNO already knows that there is a transmission system impact
 - Felt by industry to be only part of the solution and ENA Statement of Works Workgroup established to consider further improvements to the process
- Appendix G Trial
 - Facilitates assessment of generation on an aggregated basis
 - DNO updates SO with details of generation regularly
 - In majority of cases, DNO able to make offers to customers without individual connection offers from the SO being required

Scope of Modification Proposal

- Amendments to CUSC section 6.5 to facilitate Appendix G process
 - Retaining existing Statement of Works process for where single applications are still appropriate
 - Introducing option for aggregated applications as per Appendix G trials - not to be overly prescriptive in terms of format or timescales in CUSC however this will be prescribed in BCA Appendix G

Next Steps

- Modification proposal drafting in progress
- Exploring STC impact
- Ongoing engagement with ENA Open Networks Statement of Works work stream
- Aim to raise modification in Q1 2018

Any questions?



AOB

Jon Wisdom, National Grid

Next meetings

February

14

Wednesday

March

14

Wednesday

Will be an 10:30am start unless otherwise notified.

2018 Dates are available on the website.

We value your feedback and comments

If you have any **questions** or would like to give us **feedback** or share **ideas**, please email us at:

cusc.team@nationalgrid.com

Also, from time to time, we may ask you to participate in surveys to help us to improve our forum – *please look out for these requests*

Close
