

Transmission Charging Methodologies Forum & CUSC Issues Steering Group



14th February 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	Complete
Dec-17	GG	Co-location Guidance Note	Confirm if any sites are currently impacted by this guidance note.	SY		Jan-18	Complete
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	Complete
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	Feedback and suggestion given to teams internally (including central customer team who have been asked to share more widely).	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
Jan-18	-	Electricity System Operator Incentives 2018-2021	Circulate DB's contact details to attendees	UM		Jan-18	Complete

Today's TCMF

CUSC Modifications Update

**Housekeeping Modifications for 1 April 2018
Implementations**

TNUoS Tariffs Process Update

ESO Incentives 2018-2021

'Freezing' the TNUoS Methodology

Secondary BMUs and treatment of BSUoS

Today's CISG

Charging Futures Update

AOB

CUSC Modifications Update

Caroline Wright, Code Admin

New Modifications and Ofgem decisions

- No new modifications were tabled at the January 2018 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 – 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	Final Modification Report issued to Ofgem 2 February 2018	<p>CUSC Panel voted: Members agreed by majority that the Original and WACM 1, WACM 2, WACM 3 and WACM4 was better than the baseline and recommended that it should be implemented.</p> <p>WACM 3 received the most support as the best option with four Panel members considering WACM3 as the best option</p>	With Ofgem for decision

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>Legal text has been shared with the proposer, who is currently reviewing the text</p> <p>A workgroup will be established once the text has been confirmed</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. No extension requested at the CUSC Panel until next WG has been arranged and length of extension known</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 held 29 January 2018	Workgroup report being drafted and due to be issued for WG review
CMP281	BSUoS: remove liability from Generators BSUoS charges on imports					CUSC Panel at its January 2018 meeting agreed to a 3 month extension (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
CMP285	CUSC Governance Reform – Levelling the Playing Field	All CUSC Signatories	UKPR	WG to continue developing the Proposal	Meeting held 22 January 2018	<p>Workgroup report being drafted and due to be issued for WG review</p> <p>CUSC Panel at its January 2018 meeting agreed to a 3 month extension (WG Consultation April 2018)</p>

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	WG to continue developing the Proposal	First meeting held 18 January 2018	Next WG arranged for 12 March 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					WG Consultation report scheduled to be issued at start of May 2018 – this is at risk but until WG meetings held no extension to be requested

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>

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)

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

	February	March	April	May	June	July	August
Modifications							
CMP250 - Stabilising BSUoS with 12 month notice period (Drax Power)	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.'	◇	CA Cons	DFMR	◇	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
CMP285 - CUSC Governance Reform – Levelling the Playing Field' (UKPR)	WG		WG ConS		WG ConC		◇ CA Cons
*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

Housekeeping Modifications for 1 April 2018 Implementations

Caroline Wright, Code Admin

Potential House keeping Modifications to support nationalgrid

1 April 2018 implementation

- Code Administration will raise a housekeeping fast track Modification to correct incorrect references and numbering within Section 14 of the CUSC as a result of the Authority's approval of CMP264, CMP265, CMP268 and CMP282 for implementation on the 1st April 2018
- Typographical changes and have no material impact on Users
- Subject to CUSC Panel approval that meets the Fast Track criteria an appeals window will open for 15 Working Days

TNUoS Tariffs Process Update

including potential for 2018/19 mid year changes

Paul Wakeley
Revenue Manager, National Grid Electricity System Operator

Today

**2018/19
TNUoS
Tariffs**

CMP261

**CMP264/
265**

**2019/20
TNUoS
Tariffs**

Timetable for 2019/20 TNUoS Tariffs

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

Which inputs change in quarterly forecasts

		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		

2018/19 Tariffs

- Final Tariffs published on 31 January 2018, to apply from 1 April 2018
- However, two challenges to Ofgem's decision **may** require changes to charges “mid-year”, i.e. during 2018/19

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)

CMA Appeal

CMP264/265

Introduction of gross charging for HH demand and reduction in TDR Embedded Benefit, introducing AGIC and phased residual in 18/19 and 19/20

Judicial Review

Mechanics of a Mid-Year Charge Change

■ National Grid's Licence C4

5. The licensee:

- (a) shall give, except where the Authority consents to a shorter period, 150 days notice to the Authority of any proposals to change use of system charges other than in relation to charges to be made in respect of the balancing services activity, together with a reasonable assessment of the effect of the proposals (if implemented) on, those charges;
- (b) except in so far as the Authority otherwise directs or consents, shall not make any changes to use of system charges more frequently than once in each financial year such that any such change shall take effect on 1 April in a financial year; and
- (c) where it has decided to implement any proposals to change use of system charges other than in relation to charges to be made in respect of the balancing services activity, shall give the Authority notice of its decision and the date on which the proposals will be implemented which shall not, without the consent of the Authority, be less than a month after the date on which the notice required by this sub-paragraph was given.

CUSC, Section 3.14

- 3.14.3 Subject to paragraph 3.14.4 below, **The Company** shall give the **User** not less than two months prior written notice of any revised **Transmission Network Use of System Charges**, which notice shall specify the date upon which such revisions become effective (which may be at any time) and will make reference to the new tariffs set out in the relevant **Charging Statements**. The **User** shall pay any such revised charges from the effective date.
- 3.14.4 Where in accordance with the **Transmission Licence**, the **Authority** determines a shorter period than 2 months for the implementation of revised charges, the notice period will be determined by the **Authority**. The notice will specify when the new charges are effective and the **User** shall pay any such revised charges from the effective date.

Mechanics of a Mid-Year Charge Change

- **Summary: If charges need to change within a charging year**
 - We prepare the **new charges**, and **proposed implementation date**.
 - Seek Ofgem's **consent to change** charges mid-year (SLC C4.5.b), and for the **notice period** and **implementation date** (SLC C4.5.c and CUSC 3.13.4).
 - We would **publish information** to the industry, at the same time we write to Ofgem.
 - We will aim to provide **two-months notice** (CUSC 3.13.4) of any changes but shorter timescales may be more practical (see later).

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)”
- Broadly, a rebate to generators of ~£120m, and recovery of this through HH and NHH demand tariffs
- Ofgem original rejected the modification, so no changes made to the CUSC or charges for 2018/19.
- EDF and SSE appealed to the Competition and Markets Authority
 - <https://www.gov.uk/cma-cases/edf-sse-code-modification-appeal>
- Deadline for CMA to publish decision: **26 February 2018**

CMP261

■ What can we expect after the decision:

1. Ofgem original decision upheld > no changes to charges, *or*
2. Original decision rejected > changes to charges, but exact effect on tariffs to be determined.

■ Timescales for changes to charges

- Practically, we could make the changes to charges *before* the start of the charging year, so that in effect there is no mid-year change to billed charges minimising the impact on invoicing processes
- This will likely require an approval of a shorter timescale by Ofgem.
- We will communicate any changes to industry as soon as practicable.

CMP261 indicative effect on tariffs

- We published indicative impacts in our October 17 Forecast:
- **Generators:**
 - A payment to 15/16 generators of approximately ~£120m, paid as a one-off via a £/kW rebate. (Exact amount dependent on outcome)
- **Suppliers:**
 - Same ~£120m recovered from demand through levy on HH and NHH in 18/19:
 - **Gross HH Demand CMP261 Rebate Levy: 2.2873 £/kW**
 - **NHH Demand CMP261 Rebate Levy: 0.3091 p/kWh**
 - These values would apply to all demand tariffs in all zones. Embedded Export Tariffs are unaffected by CMP261

CMP264/265

- Introduction of gross charging for HH demand and reduction in TDR Embedded Benefit, introducing AGIC and phased residual in 18/19 and 19/20
- Ofgem approved WACM4; implemented in tariffs for 2018/19
- A number of parties have launched a **Judicial Review** of the decision
- An **injunction** hearing in January to delay implementation until 2019/20 was unsuccessful
- Judicial Review **Hearing** expected in late April
- <https://www.ofgem.gov.uk/publications-and-updates/update-our-decision-industry-proposals-cmp264-and-cmp265>

CMP264/265

■ What can we expect after the decision:

1. Ofgem's original decision upheld > no changes to charges
2. Original decision quashed > changes to tariffs to pre CMP264/265

■ Timescales for changes to charges

- We will have started billing under the 2018/19 tariffs
- Would expect to published new tariffs *as if* CMP264/265 had never happened, i.e. new tariffs to apply retrospectively from 1 April 2018
- Will publish with a reasonable notice-period, c. 2 months, and seek consent from Ofgem to change tariffs
- We will communicate any changes to industry as soon as practicable

CMP264/265 Indicative impact on tariffs

- **Caveat:** This is based on netting the existing gross demand forecast. If the market signals change, we may reforecast net Triad demand
- **Generators:**
 - Small Generator Discount for Generation (11.102227 £/kW) increases to: **£11.611093/kW** due to revised demand residual
 - All other generator tariffs unaffected
- **Demand Tariffs:**
 - HH demand reverts to being charged on a *net* basis
 - EET no longer applies
 - Consequential changes to NHH tariffs

CMP264/265 Demand Indicative Tariffs

Zone No.	Zone Name	Indicative Net Tariffs without CMP264/265		2018/19 Final Tariffs (with CMP264/265)			Difference in NHH tariffs
		HH Net Demand Zonal Tariff (£/kW)	NHH Demand Zonal Tariff (p/kWh)	HH Gross Demand Zonal Tariff (£/kW)	NHH Demand Zonal Tariff (p/kWh)	Embedded Export Tariff (£/kW)	
1	Northern Scotland	28.454589	3.796176	26.304232	3.509185	11.357806	0.286991
2	Southern Scotland	31.220785	4.208206	29.070427	3.918340	14.124001	0.289866
3	Northern	39.967185	5.283541	37.816827	4.999041	22.870402	0.284500
4	North West	45.956599	6.170793	43.806241	5.881985	28.859815	0.288808
5	Yorkshire	46.223569	6.067797	44.073211	5.785198	29.126786	0.282599
6	N Wales & Mersey	47.663122	6.209522	45.512765	5.928967	30.566339	0.280555
7	East Midlands	49.651846	6.632463	47.501489	6.345087	32.555063	0.287376
8	Midlands	50.947349	7.028930	48.796991	6.732502	33.850566	0.296428
9	Eastern	51.578906	7.468194	49.428549	7.157677	34.482123	0.310517
10	South Wales	47.954767	5.814602	45.804410	5.552697	30.857984	0.261905
11	South East	54.260756	8.030307	52.110398	7.713198	37.163973	0.317109
12	London	57.057041	6.347527	54.906683	6.106170	39.960257	0.241357
13	Southern	55.570165	7.611875	53.419807	7.317489	38.473382	0.294386
14	South Western	54.017877	7.872553	51.867520	7.560093	36.921094	0.312460
	Tariffs include small gen tariff of:	0.707892	0.095651	0.593000	0.080127		

2018Final_TT Mod

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Derivation of Zonal Gross HH and Embedded Export Tariff

Zone	Zone Name	Total Demand Net Triad Demand (GW)	Total Demand Gross Triad Demand (GW)	Chargeable Export Volume (GW)
1	Northern Scotland		0.476	
2	Southern Scotland		2.831	
3	Northern		2.083	
4	North West		3.284	
5	Yorkshire		2.140	
6	N Wales & Mersey		4.286	
7	East Midlands		4.159	
8	Midlands		5.980	
9	Eastern		1.511	
10	South Wales		3.681	
11	South East		4.174	
12	London		5.147	
13	Southern		2.420	
14	South Western		45.947	

Derivation of Capped Zonal Demand NHH Tariffs

Zone	Zone Name	Total Demand Charge Base: Triad Demand (MW)	Chargeable HH Gross Zonal Triad Demand (MW)	HH Zonal Triad Gross Demand (€m)	Required NHH Zonal Revenue Recovery (€m)	NHH Zonal Demand (TWh)	NHH Zonal Tariff (p/kWh)
1	Northern Scotland	0.00	611.783	-14.20	27.41	0.741	3.70
2	Southern Scotland	0.00	589.256	17.38	68.40	1.663	4.11
3	Northern	0.00	197.701	19.53	62.25	1.200	5.19
4	North West	0.00	4,107	53.35	117.39	1.932	6.08
5	Yorkshire	0.00	71,438	44.35	105.14	1.761	5.97
6	N Wales & Mersey	0.00	547,362	25.70	74.77	1.223	6.11
7	East Midlands	0.00	1,401,392	68.59	141.20	2.160	6.54
8	Midlands	0.00	1,405,503	70.61	138.34	1.995	6.93
9	Eastern	0.00	1,508,403	76.73	227.49	3.086	7.37
10	South Wales	0.00	507,403	23.97	47.43	0.829	5.72
11	South East	0.00	850,638	45.55	151.57	1.910	7.93
12	London	0.00	2,136,658	120.40	114.79	1.836	6.25
13	Southern	0.00	1,635,549	89.73	192.66	2.563	7.52
14	South Western	0.00	563,864	30.06	98.97	1.273	7.78
		0.00	13,285.36	672.37	1,567.81	24.17	

Ready

... Diversity Final Tariffs **Tariff** GenericWideExpansionFactors ETYS Boundaries GenInput LocalAssetCharging Sheet1 Transport HVDC ...

11:27 09/02/2018

Current T&T model will calculate net tariffs if:

- set D40:D53 equal to Net System Peak (~46GW)
- set E40:E53 equal to zero (zero embedded export)
- set D62:D75 equal to Net Triad Peak (~13GW)

We recognise the **uncertainty** caused by challenges to CMP261 and CMP264/265 and the potential effect on **2018/19 charges 'mid year'**

We will **engage** with our customers as soon as practicable with **details** of any mid year charge changes

We will aim to time **changes** to be **least disruptive**, but this may mean shorter time period especially for CMP261

This slide pack will be **published**, and we'll summarise the material in an **information paper** within 10 days.

Reminder: Other CUSC modifications currently being considered, and new ones that could be raised, may affect **charges for 2019/20 onwards.**

Questions

Contact Us

charging.enquiries@nationalgrid.com

01926 654633

Electricity System Operator incentives 2018-2021

David Bowman, National Grid

Agenda

1. Recap of the 2018-21 ESO regulatory and incentive framework
2. Impact on BSUoS
3. 2018-19 Forward Plan and proposed deliverables
4. How to tell us your views

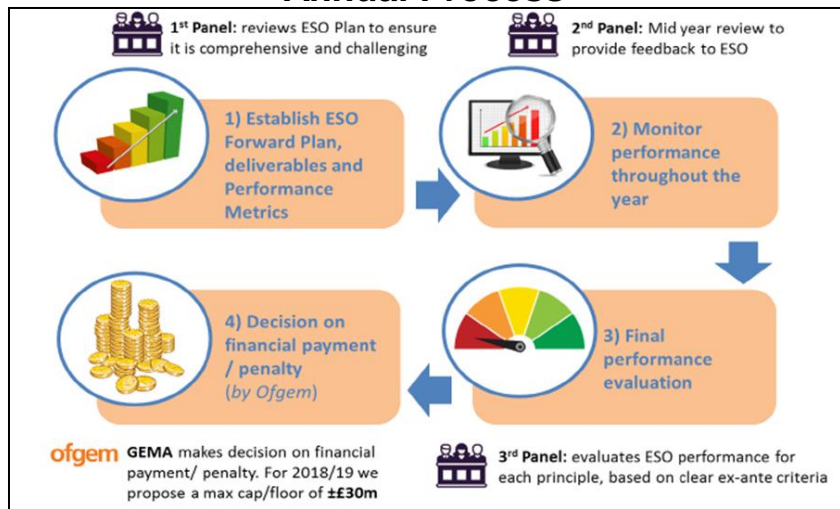
Questions?

Email david.bowman@nationalgrid.com

Recap - the ESO regulatory and incentive framework for 2018-21 has been revamped

- There is now a **single evaluative incentive** covering all of the ESO's activities
- This is worth \pm £30m per year
- There is no more BSIS

Annual Process



Performance criteria

- Evidence of delivered benefits
- Evidence of future benefits / longer term initiatives
- Wider stakeholder evidence
- Plan delivery
- Performance metrics and justifications

The new framework makes it harder to forecast potential incentive reward/penalty and adjust BSUoS accordingly

- The framework is evaluative and new
- In addition, current guidance is for a final decision in July following the year in question, after reconciliation typically started
- **We understand the uncertainty surrounding the new incentive scheme, so will take time to develop a solution**
- A CUSC modification will be needed; we hope to have a draft version for the March TCMF.

Our 2018-19 draft Forward Plan is proposing deliverables and performance metrics in the charging sphere

We are consulting on our 2018-19 draft Forward Plan. This has been developed from previous engagement.

Deliverables

- Continuous improvement in our TNUoS billing reconciliation, forecast and final tariff setting to help customers manage their profitability
- Introduction of more detailed and shorter term BSUoS forecasts to bring greater transparency to our charges
- **Performance Metrics**

Performance Metric	Explanation	Target
BSUoS forecast provision	Half hourly BSUoS forecast at day ahead	85-95% published before: <ul style="list-style-type: none">• 08:00 for Tuesday-Saturday forecasts• 17:00 for Sunday-Monday forecasts
BSUoS billing	Response and resolution time of BSUoS queries as proxy for quality of billing service	Response: <ul style="list-style-type: none">• 90-95% initial response within 1 business day Resolution: <ul style="list-style-type: none">• 60-70% resolved within 2 weeks

Please let us know your views

- Incentive recovery
- Forward Plan
 - **Consultation:** 12 February – 5 March
 - <https://www.nationalgrid.com/uk/about-grid/our-role-industry/future-electricity-system-operator>
 - **Event:** 22 February 2018 in London
 - Please email David.Bowman@nationalgrid.com if are interested in attending

'Freezing' the TNUoS Methodology

Harriet Harmon, National Grid

Background

- Final tariffs published on 31st January;
- Changes to methodology for charging year Y can be approved up to 31st January Y-1;
- We always reflect approved mods in our tariffs and forecasts;
- If Authority decision received October onwards, NGET required to re-run forecasts and/or final tariffs & to build & test system change;
- DCUSA DCP293 approved by the Authority freezes C/EDCM models Y-2 (17 months) to allow modelling/updates pre-publication

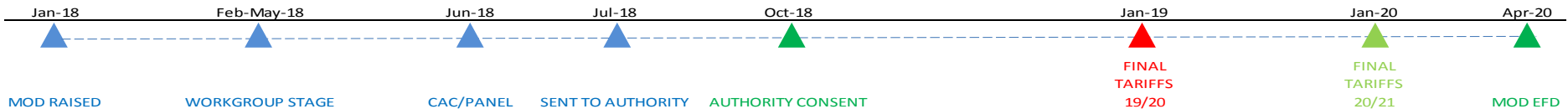
Proposal

- Introduce a new sub-Paragraph into S14 (or S8 or both? – **for discussion**) to stipulate that:
 - A charging CMP can be raised at any time;
 - An Authority decision to approve received on or before 30.09 of Y would allow implementation on 01.04 of Y+1
 - An Authority decision to approve received after 30.09 of Y would allow implementation on 01.04 of Y+2
- Exclusions for urgent mods and Authority directions

Illustrative example



- No changes to CMP process;
- Limit applies only to Authority decisions post 30/09;
- Forecasts and final tariffs for Y+2 will include revised baseline



Pros/Cons – Points for discussion

- Mitigate risk of late system/process changes;
- Provide certainty over methodology to be used;
- Potential consumer benefits (CMPs 286/7);
- Enables efficiencies/cost avoidance;
- Still allows for urgency & directives
- Risk of ‘bottleneck’ and increased WG demand Q1;
- Why leave the exclusion for GEMA?
- Risk that everything classed, “Urgent”

LUNCH



Secondary BMUs and treatment of BSUoS

Harriet Harmon, National Grid

Background

- P344 looks at the implementation of EU TERRE arrangements into the GB Market;
- Under this BSC change, non-BSC Parties can choose to become, “Virtual Lead Parties”
- These VLPs will accede to certain sections of the BSC such that they can participate in the BM;
- Relevant sites will be registered to a VLP’s “Secondary BMU” and the Supplier’s Base BMU;
- A VLP won’t be a Trading Party, and won’t submit Notifications;

Interaction with BSUoS

- Only BMUs associated to Interconnectors are currently excluded;
- As sites will remain registered to Supplier Base BMU, the Supplier will still be charged for relevant metered volumes;
- Sites will also be registered to the VLP's Secondary BMU;
- Without a CUSC change, VLPs will also be charged BSUoS;

Process

- Broad support for TERRE – this is a consequential mod;
- Proposal is binary in nature – multiple WACMs not anticipated;
- Take to February Panel – straight to Code Admin Consultation, no WG?

We invite you to provide commentary today, or to email harriet.harmon@nationalgrid.com

Applicable Objectives

(a) Facilitation of competition;	Positive – charging VLPs would, in essence increase their costs such that they were at a competitive disadvantage vs. other reserve providers
(b) Cost-reflective	Positive – costs of balancing actions relating to VLP capacities will be recovered through demand/generation – charging VLPs would levy a charge twice on the same metered volumes which wouldn't be cost-reflective
(e) Promoting efficiency	Positive – double-charging would be inefficient and uneconomic. The CUSC and other core codes should align wherever appropriate/practicable.

CUSC Issues Steering Group (CISG)

Charging Futures Update

Lead Secretariat, National Grid



Charging Futures Forum

- > Charging Futures Forum coming up on 28th February:
 - > Update on European changes
 - > Consumer perspectives
 - > Industry Panel: Electric Vehicles
 - > Access and forward looking charges workshop
 - > Q&A

- > A separate workshop is being held by Ofgem in Glasgow on 6th March



Charging Futures Taskforces

- > Joint options paper published covering access and forward looking charges task forces
- > Summary papers published on www.chargingfutures.com
 - > Access and forward looking charges
 - > BSUoS
 - > Storage
 - > Targeted Charging Review



Charging Futures Webinars

- > **February 19th** - Overview of developments in electricity network charging and access arrangements.
 - > Ofgem's Targeted Charging Review – demand residual
 - > Access rights
 - > Forward Looking Charges
 - > BSUoS
- > **February 19th** – For demand users – overview of developments in electricity network charging and access arrangements
- > **Watch back previous webinars** at www.chargingfutures.com
 - > Introduction to distribution charging with SSEN and WPD
 - > Introduction to transmission charging with National Grid

AOB

Jon Wisdom, National Grid

Next meetings

March

14

Wednesday

April

11

Wednesday

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

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
