

Meeting report

Meeting name	Transmission Charging Methodologies Forum and CUSC Issues Steering Group 83
Date of meeting	Wednesday 14 th March 2018
Time	10:30 – 12:30
Location	National Grid, 1-3 Strand, London, WC2N5EH

Name	Initials	Company
Rachel Tullis	RT	National Grid (Chair)
Urmi Mistry	UM	National Grid (TCMF Technical Secretary)
John Wisdom	JW	National Grid
John Martin	JT	National Grid (Presenter)
Caroline Wright	CW	National Grid (Presenter)
Jodie Cartwright	JC	National Grid (Presenter)
David Bowman	DB	National Grid (Presenter)
Joseph Henry	JH	National Grid
Robert Longden	RL	Cornwall Insight
Grace Smith	GS	UKPR
Colin Prestwich	CP	Smartest Energy
Gary Huish	GH	Energy Potential
Garth Graham	GG	SSE
Andrew Ho	AH	Orsted
Simon Vicary	SV	EDF Energy
James Kerr	JK	Citizens Advice Bureau
Nicola Fitchett	NF	RWE
Karl Maryon	KM	Haven Power
Daniel Hickman	DH	NPower
James Anderson	JA	Scottish Power
Peter Bolitho	PB	Waters Wye
Lorraine Nicholson	LN	ESB

All presentations and supporting papers given at the TCMF meeting can be found at:
<https://www.nationalgrid.com/uk/electricity/charging-and-methodology/transmission-charging-methodology-forum-tcmf>

1 CUSC Modifications Update – Caroline Wright, Code Admin

1. CW gave an overview of the five new modifications raised at February 2018 CUSC Panel meeting, highlighting that nominations were open for new modifications CMP288, CMP289, CMP291 and CMP292. CW noted that only a limited number of industry parties had put forward nominations for CMP291 and encouraged nominations. CW noted that modifications CMP250 and CMP251 remain with the Authority for decision. CW then gave an update on the status of all other CUSC Modifications.

2 ESO Forward Plan 2018-19 – David Bowman, National Grid

2. DB gave an overview of the Electricity System Operator's (ESO) Forward Plan, where delivery of this determines the ESO's incentive payment amount. So far National Grid (NG) has conducted a consultation event, webinar and formal consultation, where feedback would be appreciated. A final version of the Plan will be published on website at the end of March.
3. DB then took attendees through relevant aspects in the forward plan such as the deliverables and performance metrics around BSUoS billing and forecast provisions. Feedback would be welcomed on whether the targets are ambitious enough.
4. Next steps involve monthly (where appropriate) and quarterly reporting starting in May, all data to be published on website and Ofgem are looking to organise the Performance Panel.
5. Discussion followed on the performance metrics and what data feeds into these targets. GG questioned if the information these targets are based on could be shared with industry, possibly added to the final Forward Plan, so that the targets can be put into context. There was challenge on whether the metrics were ambitious enough. DB agreed to take comments away. PB asked whether these metrics would remain the same throughout the whole incentive period or if they would be reviewed on a regular basis. DB confirmed that they will be reviewed on an annual basis.
6. GG followed this asking whether the performance metrics will have a monetary value. DB referred GG to Ofgem's guidance criteria on how the ESO will be scored, and where there is information on a mechanism to use a weighting. Ultimately Ofgem and the ESO Performance Panel will decide the value awarded. RL also noted that the Performance Panel should consist of representatives from the whole industry, which is something Ofgem should ensure when creating the Panel.

3 ESO Incentive Scheme 2018-21 Modification Proposal – Urmi Mistry, National Grid

7. UM discussed the ESO Incentive Scheme modification proposal, it is planned that it will be submitted to April's CUSC Panel. UM outlined the scheme and the changes from previous years. The new incentive scheme will come into force from 1st April 2018 therefore this modification will be reflecting licence changes that have already been agreed (Licence Condition 4M). The new framework will be an evaluative approach rather than mechanistic approach and Ofgem will keep this under review as this is the first year of a completely new incentive framework.

8. UM described that it is an amendment to the BSUoS methodology and the purpose of the modification was removing out dated references and updating as per the new incentive scheme and Licence changes. UM described the proposed legal text where GG questioned the reconciliation process and requested transparency. SV questioned the approach as he had concerns regarding previous BSUoS volatility and reconciliations. Following these concerns, PB and others suggested having a workgroup, JW stated that if was to go through to workgroup it would be urgent. This was accepted by TCMF attendees.

4 EU Regulation 838/2010 within the CUSC – Jon Wisdom, National Grid

9. JW presented on the CMA decision, compliance, potential areas for improvement and options to proceed. Regarding the CMA decision, JW gave an overview of CMP261 and the decisions that have been made on this modification. JW provided clarity that there is no impact on TNUoS tariffs for 2018/19 and that there will be no mid-year tariff changes in the immediate future.
10. JW then presented data on the Generation €/MWh tariff, actuals vs forecast. This graph showed that there is not likely to be a breach of this cap in the near future, therefore this is not an immediate issue. However, from 2022/23 the tariff falls below the regulation range and becomes negative requiring some action in the near future.
11. JW then detailed NG's position that these potential changes should be bought forwards either as part of or alongside the Targeted Charging Review (TCR), which will be in summer 2018. Once this is known, NG will bring forward changes to focus on the best way to remain compliant with the regulation in future years. NG will communicate details of this at a further TCMF once the direction of the TCR is more widely understood.
12. There was then discussion about elements the CMP261 decision, JW then directed conversation back to the fact that currently there is no need for urgency to look at this through a modification ahead of the TCR, as the CUSC is compliant in the near term. It was also raised that that waiting also may allow greater insight into the direction of travel for the energy market post Brexit.
13. SV agreed that waiting for the outcome of the TCR is the best way forward. SV then asked if anyone had come forward raising any potential modifications. JW confirmed that there hasn't been anyone yet but he is aware that people are discussing ways forward. JW then reiterated that the best way forward would be to wait for the TCR outcome. SV followed by asking if Ofgem were comfortable with NG's approach, JW responded that they have not expressed an opinion at present.

CUSC Issues Steering Group

5 SO/TO Legal Separation – John Martin, National Grid

14. JM gave attendees background on legal separation and an overview of the approach towards code modifications where all modifications will be proposed by NGET. JM then gave an overview of the main types of changes and other general principles. Some modifications are minor consequential modifications e.g. making correct

reference TOs and making it consistent and clear on role of SO and TO. JM then presented a timeline with the aim to get a decision from Ofgem on all modifications by October 2018.

15. Draft legal text for CUSC and all other code modifications relating to legal separation are on code admin website and the legal separation team are holding a webinar tomorrow (15th March) which will be a page-turn through each of the changes. All modifications will be raised at April panels. Legal drafting of changes has been developed for separation and made clear with track changes. There will be minor changes to BSC, DCODE, Grid Code, SQSS, DCUSA and the STC. A CUSC 1-page summary is available on the website but the main changes are:
 - a. 1-15 entity changes and exhibits and schedules
 - b. Novation agreements - NGET to NGSO
16. Industry was asked to review and provide feedback on the approach, clarity, rationale for track changes, any additional changes or any additional changes that need to be made. GG asked when the Distribution Code session will be held. JM confirmed that they are trying to finalise the legal text. As soon as this comes in industry will be notified and a session set up. GG then raised some specific points relating to CUSC changes, JM confirmed that these can be reviewed in more detail during the webinar. PB made an observation that when setting out SO and TO functions in this process that NGET TO is referred to in the same way as other TOs. If you were in theory to divest the SO function and sell it, it should be packaged in such a way to easily move to another organisation. JM took this on-board noting that the modifications are to ensure separation of the SO and TO roles.

6 Charging Futures Update – Jodie Cartwright, National Grid

18. JC gave an overview on work that the Lead Secretariat have been doing and what happened at the last forum. The second Charging Futures Forum was held on 28th February. JC noted that Andy Burgess from Ofgem presented information on European changes such as the clean energy package, aligning with work from CF.
19. Citizen's advice presented on how the reforms may affect consumers and households. There was also an Electric vehicle panel. The core of forum was the access and forward looking charges workshop, which was split into two sessions – one on larger demand users and the other on domestic users. Both sessions assessed three scenarios on access rights and forward looking charges. Feedback was collected and fed into the Task Force and Ofgem's work on the Access and Forward Looking Charges project.
20. This format was repeated at the Glasgow workshop. A post-forum podcast has been released to go over this in more detail, which Stephen Perry from Ofgem also feeds into. There is also a summary of the February Forum available on the website which gives an overview of the day and how the Forum will build on feedback received.
21. The next forum is expected to be at the end of April. There will also be another round of task forces and recommendations. Ofgem and Baringa will then look at these and analyse them. Timelines for this process are unknown at the moment. Next steps involve delivery of more webinars and podcasts.

22. PB raised a question on whether there are any processes to eliminate inappropriate approaches to avoid wasted effort as industry should focus efforts on things that will achieve results, so is there a filter. JC responded that there is a step by step process currently occurring. The workshop and forum is the time to give feedback on whether these will work or not. Task forces themselves reiterate their thinking through feedback and give clearer focus on whether this is worth it or not. They look at all the options and later conduct an exercise to refine those. JC agreed to go back and look at the process as it may not be very clear cut. The main message is that they are cutting down the options. RL added that as part of process, Baringa has been tasked with coming up with a materiality matrix, to further inform where to focus on. A Cost Benefit Analysis will be done of where the benefits come from. Next steps are contingent on Baringa materiality work.

AOB

23. There was no AOB raised by attendees.

Next meeting

Next meeting: Wednesday 11th April 2018

Time : **1030** (unless otherwise notified)

Venue : **National Grid House, Warwick** (unless otherwise notified)

Appendix 1

Actions List

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	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
Jan-18	-	Electricity System Operator Incentives 2018-2021	Circulate DB's contact details to attendees	UM		Jan-18	Complete