

Meeting report

Meeting name	Transmission Charging Methodologies Forum and CUSC Issues Steering Group 87
Date of meeting	Wednesday 11 July 2018
Time	10:30
Location	WebEx

Name	Initials	Company
Jon Wisdom	JW	National Grid ESO (Chair)
Urmi Mistry	UM	National Grid ESO
Jennifer Groome	JG	National Grid ESO (TCMF Technical Secretary)
Harriet Harmon	HH	National Grid ESO (Presenter)
Bali Virk	BV	National Grid ESO (Presenter)
Joseph Henry	JH	National Grid ESO (Presenter)
Richard Woodward	RW	National Grid ETO
Karen Davies	KD	Seabank Power
Karl Maryon	KM	Haven Power
Iwa Hughes	IH	VPI Immingham
Robert Longden	RL	Cornwall Insight
Grace Smith	GS	UKPR
Paul Youngman	PY	Drax
Garth Graham	GG	SSE
Samuele Repetto	SR	EDF Trading
Simon Vicary	SV	EDF Energy
Peter Bolitho	PB	Waters Wye
Daniel Hickman	DH	npower
Paul Mott	PM	EDF Energy
Lorraine Nicholson	LN	ESB
Laurence Barrett	LB	E.ON
Nicola Fitchett	NF	RWE
Colin Prestwich	CP	SmartestEnergy
George Moran	GM	British Gas
Simon White	SW	SmartestEnergy
Wenche Tobisasson	WT	InterGen
Kate Dooley	KD	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 Introduction, meeting objectives and review of previous meeting's actions – Jon Wisdom, National Grid

1. JW asked for an update on the open action on the code administrator to upload past material to the webpage. JH responded that progress has started to happen and they are on track for the target date of October. He added that if anyone has any specific material they would like to see uploaded that they please get in touch. GG suggested some materials that might be pertinent for Ofgem's upcoming TCR consultation. JW assured attendees that these were on the list to go on first.
2. JW then talked through the agenda for the meeting. BV presented in place of RM (Rob Marshall) for Charging Futures.

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2 CUSC Modifications Update - Joseph Henry, Code Admin

3. CMP301, which concerns the clarification on the treatment of project costs associated with HVDC and subsea circuits, was discussed by JH. This was presented to CUSC Panel on 29 June, and it was decided that the modification would proceed to Code Administrator consultation. The consultation was released on 2 July 2018, with industry given 15 working days to respond. JH advised attendees to get in contact if they wanted to know anything more about this modification.
4. JH advised that there were more working groups planned in July than there had been in June.
5. JH advised that the CMP286/287 had sent a Request for Information to Industry in regards to TNUoS risk premia. Due to late responses from Industry, the workgroup scheduled for 2 July 2018 was postponed, and was to be rearranged via Webex for late July pending result of an ongoing Doodle poll.
6. An attendee asked whether there have been enough responses to the Request for Information. HH responded that there has from a market coverage perspective. Strong market share in HH, of around 50% - smaller in NHH owing to more Suppliers so percentage coverage is lower.
7. RL asked that a very brief description each modification is added to the slide showing upcoming modifications to authority (as per CUSC Panel request in June's Panel). It was suggested that would help to identify modifications better than simply referring to their numerical name for those are not familiar with the numbers. JH took an **action** to get a solution to this.
8. JH advised TCMF that CMP275, CMP296, CMP297 and CMP299 are all going to the Authority on 12 July. JH added that the Authority should give direction on their decisions for these in August, as per Industry timelines.
9. For CMP280 the workgroup consultation was released in June. A workgroup which was scheduled for early July was postponed due to the proposer needing extra time to complete analysis as agreed with the Authority. A workgroup was scheduled for 31 July.
10. JH then took attendees through the modifications dashboard. Since June TCMF, one new modification has gone out for consultation. JH advised that CMP271, CMP274 and CMP276 are on hold as they overlap with the TCR and SCR. JH advised there won't be anything on this until Ofgem's paper in the autumn. JH noted that he hoped that tangible progress of modifications may happen in July.
11. There were no questions.

12. HH explained that this modification is about efficiencies in CUSC arrangements and how we can improve them. She added that there might be a modification on this.
13. HH explained applicable objectives. A CMP must be judged against standard or charging objectives. The CUSC derives these objectives from the ESO Licence. The ESO Licence (C5 and C10) does not expressly prohibit one CMP being judged on both, however, section 8 of the CUSC does. Therefore, the current arrangements mean that to enact one change, more than one CMP needs to be raised. To confirm, it is a CUSC requirement to assess against two sets of objectives.
14. HH gave an example changing section 14, means that you must then change section 11 also and so you must raise two modifications (see CMPs 264/5, 269/70 and current work on 296/7). She added that it is more that section 11 affected by this and that there is potential in any section or for a change in another section to cause a change to be needed to section 14 (it works both ways around). This means the proposer has duplicate responsibilities and then so does NGESO, Code Governance, Panel and GEMA. There is a duplication of effort for all. HH suggested two options: 1) Leave it as it is and accept the situation or 2) Seek to make a CUSC amendment.
15. HH continued - in the longer term there is a view there will be one set of objectives against the BSC. This solution cannot be implemented quickly as licence objectives would need to change. We are feeling the effect of these inefficiencies now. If this requirement didn't exist, there would be 14 in-flight modifications rather than the 18 there is now. She suggested that this reason makes now seem like a sensible time to think about making a change.
16. The proposed solution is to change section 8 of the CUSC so that one modification can be judged against either both or one set of objectives. By doing this it would be necessary to ensure only relevant and in scope changes are grouped, rather than risk modifications becoming too broad. It would need to maintain relevant workgroup report, consultation and FMR (final modification report) sections on applicable objectives.
17. Slide 17 in the pack shows what a minor change and major change to section 8.16.2 of the CUSC might look like.
 - Minor change:
 - a) *"A proposal to modify the Charging Methodologies must be made by means of a CUSC Modification Proposal, which may not contain any proposal to modify any other section of the CUSC... a CUSC Modification Proposal in respect of the Charging Methodologies... may make specific reference to any link with another CUSC Modification Proposal"*
 - Major change
 - a) *"A proposal to modify the CMs must be made by means of a CMP which may, only in resolution of the same Defect and solely to the extent necessary, contain any proposal to modify any other section of the CUSC..."*
18. HH clarified that the reason this was being discussed today was not to propose a modification now, but to understand what people's thoughts are on this and to hear any questions.
19. An attendee asked whether there had been any discussions with Ofgem on this yet. HH confirmed that there have. She added that National Grid see an interim solution now, then with a view to have separate conversations in the future with the new licence.
20. HH pointed out that the governance steering group would need to be made aware of a modification if it was put forward. Some individual members of GSG are aware of this. HH and GG agreed to have a separate conversation about this as the subject has already been discussed in GSG. An idea about having one set of objectives using numbers and the other using roman numerals was discussed.
21. HH suggested changes to section 8 but noted there might be other sections the change can be made to. GG agreed with this.

22. LB queried what difference a short-term solution will have, seeing as the key aim is a longer-term solution. He added that the consequential result is that people copy and paste anyway and noted that the key thing regarding this is the engagement with Ofgem on licence conditions on a single set of objectives. HH noted that this is not currently a big issue, and that now the biggest challenge might be the lack of resource in the code administration team. She added that this may become a major issue given the amount of changes that are soon to be being put through, for example, the work on Access and Forward Looking Charges.
23. LB queried whether two sets of issues in the same report would make a considerable difference. He stated that he was unsure of the short-term solution. HH responded that cumulatively it is quite a significant impact for the code administrator.
24. GG made others aware that section 14, given that it is about charging is quite a litigious area. He pointed out that we must be mindful that proper procedure is followed, in case any doubt regarding this process might stop a modification going forward in future. JW and HH noted this is important to consider.
25. Please get in touch with HH harriet.harmon@nationalgrid.com or the CUSC team cusc.team@nationalgrid.com if you want to comment on this.

4 Charging Futures update – Bali Virk, National Grid

26. BV gave an update on upcoming dates for activities in Charging Futures, including Ofgem's release of the Access and Forward Looking Charges (A&FLC) consultation, related webinars, podcasts and the next forum event.
27. Ofgem's A&FLC consultation was released on 23 July 2018. This is available on [Ofgem's website](#) and the [Charging Futures website](#).
28. There are several key engagement activities that National Grid are hosting as Lead Secretariat for Charging Futures.
29. Available as of 24 July:
 - Webinar recording where Andy Burgess and Amy Freund from Ofgem talks about the recent consultation document on Access and Forward Looking charges. Find recording and slides [here](#).
 - Summary note on the consultation document.
 - Podcast hosted by the Lead Secretariat on key themes and questions on the consultation. Follow link [here](#) to listen. You can subscribe to hear the latest podcasts when they become available on [apple podcasts](#).
 - Upcoming:
 - July - August: A podcast mini-series with different users of the electricity network, talking through the key questions and areas for them in the consultation.
 - Invites to the next Charging Futures Forum on 5 September will be sent shortly.
30. If you are interested in receiving Charging Futures updates in the future and not already on the distribution list, email charging.futures@nationalgrid.com to get registered.
31. There was a question on whether the forum will be on the Access and Forward Looking Charges consultation. BV responded that this is likely to form a large part of the discussion on the day.
32. An attendee asked when the TCR consultation will come out. An **action** was taken away to find out.
33. GG asked whether a transcript will be available for the podcast series. BV took away an **action** to find this out. There will not be a transcript but the podcasts will be available from the Charging Futures website and apple podcasts.
34. PY asked when the Baringa report being released and what format it will be in. This is on the [Charging Futures website](#).

5 Possible modification proposal to clarify calculation of circuit specific expansion factor for local circuits – Paul Mott, EDF Energy

35. PM took attendees through the modification he is raising for EDF Energy which seeks to clarify calculation of circuit specific expansion factor for local circuits.
36. PM explained the defect: When a new local circuit, whether AC or DC, is built to enable the export of new generation, occasionally the TO might spend additional amounts on equipment which is surplus to the amount required by that generator (or, those generators being connected), because extra equipment is selected for wider system benefits, for example to enhance security of supply. An example was used: to connect a new generator which is built on an island, the requirement by that generator is for the TO to build one-way HVDC infrastructure allowing flow from the island to the mainland. Current methodology makes it possible for the TO to include additional equipment in this, at additional cost to that generator, to facilitate bidirectional flow to enhance security of supply for demand on the island.
37. PM noted that if CMP301 (AC equivalent cost) is passed, this new modification CMP303 could not exclude, of course, any costs that were already being excluded under the effect of CMP301 – you can't exclude a cost twice.
38. The proposal is to raise a modification to clarify the wording in the CUSC so that the calculation of each local circuit expansion factor only includes costs relevant to and needed by the connected generators, and for additional costs to be excluded from calculation. The reason being that if the calculation of the expansion factor did include costs for wider societal/system benefits, the charge is not cost-reflective as to what is being provided to connect relevant generators, as opposed to what is additionally being provided for other transmission users.
39. Current methodology states in section 14.15.75 that AC cable and HVDC circuit expansion factors are to be calculated on a case-by-case basis using actual project costs (Specific Circuit Expansion Factors). The proposed change is to add a following paragraph to make it clear that where there are additional costs, they should be excluded from the relevant expansion factor and that these costs are to be provided on a case by case basis by the TO to the SO charging team, removing any additional costs which are not solely for the developer.
40. PM added that STC procedures 13 and 14 already allow for the TO to provide relevant information to the TNUOS charging team, using broad and inclusive wording, so they will not need amendment. No significant systems changes are needed.
41. PM made the point that this modification would be consistent with the CUSC Charging Objectives, as it would a) facilitate effective competition in the generation and supply of electricity, because this would allow relevant generators to compete fairly in the market without being handicapped by paying extra costs unrelated to the export of their power, and b) result in charges which reflect, as far as is reasonably practicable, the costs, as this change would ensure relevant generators face a cost-reflective local circuit charge, without paying for extra costs unrelated to the export of their power.
42. PM asked attendees for their views. GG approved of this modification. There were no other comments.

6 Enhanced Reactive Power Service Modification - Patrick Cassels, National Grid

48. PC began by giving a background to the team he works in. PC works in the Operability Strategy team in Commercial Electricity which is part of the System Operator. The team is heavily involved in horizon scanning, and is concerned with matters such as future operational balancing services and network operations signals. They are looking at medium to long term operational trends.
49. PC then gave the background to the modification. Recently, National Grid have been working with industry and consulting them on system needs and product strategy. Product roadmaps have been created which set out several areas to bring balancing services up to date. Frequency response is one of the areas which is more mature in its development.
50. The SNAPs consultation looked at future system needs. In it, the growing need for absorption of reactive power was identified. There is a need for more flexible arrangements to respond to the market.
51. National Grid’s Product Roadmap came out at the end of May. It identified that the EPRS service is the only ancillary service where the requirement to tender is set out prescriptively in the CUSC. In others, National Grid can alter the contract terms to bring them up to date. Consequently, the EPRS service has is deprecated. Therefore, a commitment was made to raise this modification to the CUSC to enable broader reforms to be done in this area.
52. In the CUSC, there is a requirement for National Grid to tender for this service every 6 months (January and July each year). A request is put out on the website for those providers who can exceed the reactive requirements range. There have been no contracts since 2009 and no offers have been received since January 2011.
53. The modification proposal is to remove the obligation to tender for ERPS from the CUSC. Considering there are no contracts, this will have no impact on the market.
54. The tender process requires a 12-month commitment minimum in terms of submitting prices. The minimum 12-month commitment can be increased in months in groups of 6. PC stressed that this is an administration burden on the team, and pointed out that resource could be better used on new innovative work to create more economic solutions for providers.
55. PC discussed the required changes to CUSC wording. The change requires amendments in several places. This is because when obligatory is mentioned, the EPRS service is also mentioned. The sections affected are:
 - Section 4 – which sets out need to compliance with schedule 3, Part 1.
 - Section 11 – where “Enhanced Reactive Power Service” is defined.
 - Schedule 2, Exhibit 4 – sets out suspension of mandatory services if called.
 - Schedule 3:
 - Part 1, 1.0 - which sets out the tender definitions.
 - Part 1, 3.0 – which sets out the payment mechanism.
 - Part 1, 5.0 – which sets out the regulatory and statutory requirements.
 - Appendix 2, which sets out the payment mechanism calculations.
 - Appendix 5, which sets out information for tender submissions.
 - Appendix 6, which sets out qualification and evaluation criteria.
56. PC confirmed that next steps are to progress this to the code administrator to review. He then opened to questions.
57. PY queried whether the service would have to be used if there wasn’t a mandatory service provision. PC responded that the mandatory reactive power service is a crucial component and a necessary tool for system security. He confirmed that no changes are proposed to this service. PC added that removing this service is part of trying to create more flexible and fit for purpose commercial services that will decrease the reliance on commercial services. PY queried whether

flexible commercial services could be put in in now. PC responded that it is essential the housekeeping is done first rather than continuing to tender for this and change it in parallel.

58. GG was uncomfortable with non-mandatory services being taken out of the CUSC where there is open governance and where changes must go to Ofgem. He added that he would prefer to put services in to the CUSC rather than removing them. He explained that bringing this into closed governance gives NG full control to make decisions because National grid write the standard contract terms. Other attendees raised their concerns. GG suggested that the team come forward with shorter periods, or another solution which goes through the CUSC route rather than complete removal of the service from the CUSC. PC assured attendees that this is not a change to a set of mandatory services and there is nothing in his proposal that changes the obligatory service. One attendee wanted to know more about why this service was originally put in the CUSC before forming an opinion.
59. GG gave an example of STOR (the short term operating reserve service). He queried how often this service is consulted on. He suggested that if stakeholders had been consulted perhaps better decision would have been made on this. GG raised concern that other options such as a shorter contractual period have not been explored and pointed out that removing it completely is not the only option. JW raised that National Grid have been very clear through the SNAPs consultation that we do need to be more agile in the procurement of these services, and that this is the right way to go about these services in the future.
60. Attendees were urged to get in touch with any more thoughts on this by emailing futureofbalancingservices@nationalgrid.com

7 AOB and close

61. PM added in addition to his presentation that he plans to propose his modification as a consultation not a workgroup.
62. UM gave an update on the CMP264/265 review. She referred to an email which was sent out by Paul Wakeley on 22 June 2018 following the Judicial Decision to dismiss this. The email confirms that CMP264/265 was implemented on 1 April 2018 and that tariffs have been set in line with WACM4.
63. UM gave an update on the responses to the User Commitment Open Letter which was discussed in June's CISG. Questions have taken a general theme about whether there has been any potential overlap with Charging Futures on this work. To clarify there was no intention to overlap this, but to look for any other areas needed looking at. If anyone has any questions about this, please contact Richard.Smith5@nationalgrid.com

Next meeting

Next meeting: Wednesday 8 August 2018

Time: 10:30 (unless otherwise notified)

Venue: London (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	Feedback and suggestion given to teams internally (including central customer team who have been asked to share more widely).	Mar-18	Complete
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 are planning to get get all archived modifications available on the website, however this will take some time due to the volume of material. Proposal forms, Workgroup reports, FMRs and decision letters will be uploaded. In the meantime any specific requests can be sent to the usc.team@nationalgrid.com .	Oct-18	On-going
Jan-18	-	Electricity System Operator Incentives 2018-2021	Circulate DB's contact details to attendees	UM		Jan-18	Complete
Apr-18	GG	CUSC Modification Update	Check that TAR Modifications are available on NG's website.	JH	These are now available on NG's website	Jun-18	Complete

Apr-18	PM	Updating the Statement of Works Process	Query was raised around a guidance document on small embedded generation, that is currently available on NG's website. NG was asked to look into the content.	RT	We will update the guidance document following modification process to reflect any changes to the CUSC.	End of CMP298 Mod Process	Closed
May-18	-	Ofgem's views following decision to reject CMP261	It was requested by the presenter to ensure a link to the letter is added to material following the meeting	UM	Link has been added to Minutes documents	Jun-18	Complete
Jul-18	-	CUSC Modification Update	It was requested by an attendee that a very brief description of each modification is added to the slide showing upcoming modifications to authority	JH	JH will use summary titles for modifications on slides.	Aug-18	Complete
Jul-18	-	Charging Futures update	An attendee asked when the TCR consultation will come out.	BV	Ofgem has advised this will be towards the end of the year. No exact date has been given.	Aug-18	Complete
Jul-18	GG	Charging Futures update	GG asked whether a transcript could be made available for the podcast series which is being hosted by NG about key themes on Ofgem's A&FLC consultation	BV	There will not be a transcript but the podcasts will be available from the Charging Futures website and apple podcasts.	Aug-18	Complete