

Meeting minutes

Transmission Charging Methodologies Forum and CUSC Issues Steering Group 93

Date: 13/02/2019	Location: WebEx
Start: 10:30 AM	End: 12:00 PM

Participants

Attendee	Company	Attendee	Company
Simon Sheridan (SS)	National Grid ESO (Chair)	Tim Aldridge (TA)	Ofgem
Jennifer Groome (JG)	National Grid ESO (TCMF Technical Secretary)	Nicola Fitchett (NF)	RWE Generation Uk
Sarah York (SY)	National Grid ESO (presenter)	Paul Youngman (PY)	Drax
Mike Oxenham (MO)	National Grid ESO (presenter)	Andrew Ho	Ørsted
Sophie Van Caloen (SVC)	National Grid ESO (presenter)	Colin Prestwich	SmartestEnergy
Jon Wisdom (JW)	National Grid ESO (presenter)	Daniel Hickman	npower
Rachel Hinsley (RH)	Code Administrator, National Grid ESO (presenter)	Joe Underwood	Energy UK
Chrissie Brown (CB)	Code Administrator, National Grid ESO (presenter)	Josh Logan	Drax
William Goldsmith (WG)	National Grid ESO (presenter)	Karl Maryon	Haven Power
Grace Smith (GS)	UK Power Reserve	Paul Jones	Uniper UK
Laurence Barrett (LB)	E.ON UK	Peter Bolitho	Waters Wye Associates
Robert Longden (RL)	Cornwall Insight	Rachel Durham	Smartest Energy
Simon Vicary (SV)	EDF Energy	Sally Lewis	National Grid Ventures

Sara Scarrott

National Grid Electricity
Transmission

Yonna Vitonova

Utilitywise

Olivia Errey

SSE

Agenda, slides and modifications appendices

<https://www.nationalgrideso.com/charging/transmission-charging-methodology-forum-tcmf>

TCMF and CISG Discussion and details

Please note: These minutes are produced as an accompaniment to the slide pack presented. They aim to capture the main discussion points from in the meeting. The numbers in brackets denote the slide number which the notes refer to.

Actions update – Jon Wisdom, National Grid ESO

(5) SS gave an update on TCMF & CISG meeting actions.

1. Action ID21 (status - open): The update was shown on slide 6.
2. Action ID20 (status - open): Still open.
3. SV asked if the error margin information was documented anywhere. **JW took an action to speak to the revenue team to ascertain whether they could publish anything on this.** SV highlighted that there are different interpretations of getting to these numbers. He added further that this calculation should be signed off by the regulator, given that this concerns most the industry. JW responded that the current text in the CUSC with no specific methodology was approved under CMP224. SV requested something formally is published rather than an internal NGESO document.

Transmission Charging Methodology Forum

Introducing arrangements to facilitate a CUSC sandbox – Sarah York, National Grid ESO

SY shared NGESO's proposed option to introduce a regulatory sandbox in the CUSC to give industry participants the ability to request derogation from relevant CUSC obligations, to test and develop new produces, processes or services in a live environment.

4. (12) SY showed the guiding principles, which she explained were not prescriptive. She highlighted that any provisions related to charging methodology would be exempt from this.
 5. NF queried the circumstances of the type of projects this would apply to. SY responded that this is not about specific examples. It is more about bringing in a process that would remove blockers. She added further that ultimately there may prove to be minimal uptake of the Sandbox process and it may even become redundant, depending on the outcome of the Energy Code Review. She explained that this is a pre-emptive move, in response to the feedback on the CACoP (Code Administrator's Code of Practice) principle, rather than a reactive response to specific projects now.
 6. RL queried how exit from the sandbox would be managed and success be quantified. SY responded that there is a requirement for a transition plan to be submitted as part of the initial application, and at the end of the derogation period either a return to BAU or permanent change via the standard modification process will take place. She added that Ofgem should be able to conclude whether this is a success against the project objectives.
 7. RL asked if there were any cost impacts on CUSC parties as a result of the modification how would this be quantified and managed. SY responded that this would be picked up by the Workgroup to explore.
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Clean Energy Package: Market Design Overview – Mike Oxenham, National Grid ESO

MO presented an update on the Electricity Directive and Electricity Regulation and the dates these are expected to come into force, before talking through some of the content and the next steps that NGENSO is considering taking to assess the impacts of the Clean Energy Package prior to implementation.

8. PY asked what would happen in terms of Brexit. MO responded that this remains uncertain but that NGENSO is currently progressing on the basis of the package being implemented in full in future although this will be kept under review.

Balancing Services Charging Task Force - Sophie Val Caloen, National Grid ESO

SVC firstly gave an update on the work of the Task Force (TF) to date, before discussing the Task Force's communication, engagement plan and how to get involved. All the communication will be coordinated through www.chargingfutures.com.

9. MO added that modelling and analysis in addition to qualitative assessments has been done in other areas – the Task Force is aware of that and will be bringing this into their work.

Update on ESO TGR removal proposal - Jon Wisdom, National Grid ESO

JW gave a short update on NGENSO's proposal. The proposal is substantially the same as what was said at December TCMF. NGENSO is focusing on their compliance with 838/2010, however they are mindful of the minded to decision on Ofgem's TCR with regards to the generator residual. NGENSO will also ensure they have appropriate ex-post and ex-ante arrangements for tariff setting.

10. SV mentioned the TGR of zero and queried whether NGENSO are waiting for the outcome of Ofgem's TCR. JW responded that NGENSO will refer to the results of the TCR in their modification proposal.
11. SV queried the timescales of the modification. JW responded that this is still under discussion with the regulator and that the earliest this would be raised is March. SV highlighted that this would be quite soon, and voiced concern about this being raised before the outcome of the TCR. JW responded that he is aware of this, firstly that this will potentially be a move of costs from suppliers to generators so more notice is helpful for the market. Secondly, is the concern that this represents a compliance risk for the NGENSO of breaching the €0-2.50/MWh range due to the current methodology within the CUSC.
12. PY queried whether NGENSO are currently compliant. JW responded that NGENSO are compliant now, but may not be by 2021/22 considering that offshore revenues will grow.
13. GS shared concern that this will set a precedent for future SCRs. She suggested something formal is required to recognise that this is an unusual circumstance and procedure.
14. TA informed attendees that Ofgem will publish something.
15. SV queried whether there will be an opportunity to discuss the detail of the modification before the proposal is raised and whether there were any other details the ESO could share. JW responded that the intended solution is the same as was discussed at December and January TCMFs in that NGENSO will ensure their compliance by removing the revenue from offshore circuits from the calculation in the CUSC. He explained further that the zero TGR is a consequential effect of changing the regulation rather than the primary reason for the modification being raised. SV voiced that to align with the interpretation of the market rules in 838/2010 this seems further to go than the initial compliance. SV requested a bilateral discussion to be set up. **Action on JW to provide more context on this at a future TCMF.** JW added further that NGENSO is happy to engage with any party bilaterally or multilaterally on any topics discussed at TCMF.
16. In response to a question on timings JW confirmed that NGENSO would return to TCMF in advance of the modification being raised.

Code Modifications update & discussion regarding Access SCR - Rachel Hinsley, Code Administrator, National Grid ESO

RH updated on the progress of current CUSC modifications, as well as facilitating attendee discussion around any interaction with each modification regarding Ofgem's Access SCR.

17. There were no comments or questions on code modifications or on their interaction with Ofgem's SCR.

CUSC Issues Steering Group

Critical Friend potential modification - Chrissie Brown, Code Administrator, National Grid ESO

CB asked attendees how the Code Administrator can fulfil the CACoP (Code Administrator's Code of Practice) in today's framework. The aim was to gather feedback from attendees to inform whether a code modification is required.

18. RL commented that the 'Critical Friend' role is to assist proposers before they raise modifications formally. He asked for more clarification on that process, considering that if help was given to develop modifications, they would be of better quality when they are raised. He voiced that he would like to see more support given to those who are developing proposals, and some guidance on what steps those raisers are supposed to take.
19. LB asked whether the Code Administrator can still comply by their Critical Friend requirements when proposals are developed last minute. He asked what would happen if the Code Administrator did not meet their requirements in such cases.
20. GS raised similar concern that depending on the complexity of the modification there might be a lot of work to complete in those 5 days. GS questioned whether this is physically practical. She added that the code administrator might be criticised if they do not comply by their promised 5 days.
21. (40) RL asked for an explanation of the 'potential impacts'. CB responded that the Code Administrator are considering producing one-page documents showing their view of potential impacts. RL raised concern that the Code Administrator may not have the time, expertise or experience to assess the impacts.
22. CB stated she would take all of the feedback on board when considering the raising of the modification and what service the code administrator can commit to completing in the timeframe requested. Attendees were encouraged to get in touch with any further questions or feedback.

Applying Power Available consistently across technical & commercial codes – William Goldsmith, National Grid ESO

WG took attendees through a modification NGESO intend to raise in March.

23. JW asked attendees for their view on this being a self-governance modification. There were no comments or questions on this.

AOB

None.

Action Item Log

Action items: In progress and completed since last meeting

ID	Month	Agenda Item	Description	Owner	Notes	Target Date	Status
22	Feb-19	Actions	JW took an action to speak to the revenue team to ascertain whether they could publish anything on the calculation of the error margin.	JW		Mar-19	In-progress
23	Feb-19	Update on ESO TGR removal proposal	Action on JW to provide more context on this at a future TCMF.	JW		Mar-19	In-progress
20	Dec-18	AOB	HH to find out whether any methodology changes are required on the designated sum calculation.	HH	This will be covered in the modification proposal.	Feb-19	Complete
21	Jan-19	TNUoS Tariff Timetable for 2020/21	GM asked whether the revised error calculation in the forecast will be reflected for future years. TS responded that there is one year that will be impacted so the team will consider that.	TS	The year that is keeping the error margin up is 2011/12, where the adjusted revenue error was -6.6%. This is large compared to the other years so we assume that when we calculate the error margin for 2020/21 with the final data the error for 2018/19 will be lower than this. The error margin calculation uses 7 years of data.	Feb-19	Complete

Action items: Previously completed

If you wish to view any previously completed actions, please contact cusc.team@nationalgrid.com