Meeting summary

Transmission Charging Methodologies Forum and CUSC Issues Steering Group 106

Date:	09/07/2020	Location:	WebEx
Start:	10:30	End:	12:30

Participants

Attendee	Company	Attendee	Company
Jenny Doherty (JD)	National Grid ESO (Chair)	Iwan Hughes (IH)	Vitol Group
John Welch (JWe)	National Grid ESO (TCMF Tech Secretary)	Jessica Richardson (JR)	Intergen
Rebecca Yang (RY)	National Grid ESO	Joe Underwood (JU)	Energy UK
Paul Mullen (PM)	National Grid ESO (Presenter)	Joshua Logan (JL)	Drax
Jo Zhou (JZ)	National Grid ESO (Presenter)	Julia Byford-Smith (JP)	Smartest Energy
Grahame Neale (GN)	National Grid ESO (Presenter)	Karl Maryon (KM)	Haven Power
Eleanor Horn (EH)	National Grid ESO	Mike Gordon (MG)	TINV
Katharina Birkner (KB)	National Grid ESO (Presenter)	Marc Smeed (MS)	RIDG
David Preston (DP)	National Grid ESO (Presenter)	Matthew Cullen (MC)	Eon
Will Kirk-Wilson (WK)	National Grid ESO (Presenter)	Matthew Paige-Stimson (MPS)	NGET
James Stone (JS)	National Grid ESO (Presenter)	Neil Bennett (NB)	SSE
Marc Vincent (MV)	National Grid ESO	Niall Coyle (NC)	Eon
Alan Currie (AC)	Ventient	Nicholas Sillito (NS)	Peakgen
Chia Nwajagu (CN)	Orsted	Patricia Dunne (PD)	SHE Transmission
Christine Jamieson (CJ)	Xero Energy	Paul Jones (PJ)	Uniper
Dan Hickman (DH)	npower	Paul Mott (PMo)	EDF Energy
Dennis Gowland (DG)	Fairwind	Robert Longden (RL)	Cornwall
Garth Graham (GG)	SSE Generation	Sally Lewis (SL)	National Grid Ventures
Grace March (GM)	Sembcorp	Simon Vicary (SV)	EDF Energy
Guy Nicholson (GNi)	Statkraft	Tim Aldridge (TA)	Ofgem
Harriet Harmon (HH)	Ofgem	Yonna Vitanova (YV)	Renewable UK
Alwyn Poulter (AP)	Vattenfall	Nicola Fitchett	RWE Generation

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 the meeting. Any numbers in brackets denotes the slide number which the notes refer to, if relevant.

Actions update – Jenny Doherty, National Grid ESO

1. JD opened the meeting, noted the full agenda and advised there were no open actions.

Code Modifications Update – Paul Mullen, National Grid ESO

2. PM shared details of the progress of current modifications.
3. PM noted that June had been busy in the code modifications area, and July would follow suit.
4. PM updated the group on modifications that had been implemented by the Authority - CMP345 (BSUoS Deferral) and CMP323 (EBGL modification process) were both implemented on 25 June.
5. CMP337/338 original approved and due to be implemented April 2024. CMP303 was rejected.
6. PM noted that a decision was expected imminently on CMP320.
7. PM provided an update on the July CUSC panel - a fast track self-governance mod was expected to add a mapping table to the CUSC missed from CMP323.
8. PM noted that 6 workgroups had been held in June.
9. It was noted that panel had prioritised the mod stack in June's panel, an exercise that was expected to be repeated in October.

TDR Update - Grahame Neale, National Grid ESO

GN provided an update on progress of the TDR mods that had not been covered by PM's Code Modifications update, specifically the BSC and DCUSA mods for Demand Residual.

10. DCUSA - GN explained that DCPs 358/359/360 had been submitted to Ofgem, with DCP361 due at DCUSA panel this month.
11. BSC - P402 which covers the data exchange between Elexon and the DSOs was still at Workgroup stage, with the next Workgroup planned in early August and consultation due in mid-August.
12. GN highlighted the next Charging Futures forum taking place on the 16th July.

BSUoS / TNUoS Covid Support - Jenny Doherty, National Grid ESO

JD provided an overview of progress of work to support the industry related to BSUoS and TNUoS charges during the pandemic situation.

13. JD highlighted that the TNUoS Support scheme had gone live on the 1st July, taking the same approach as that of the DNOs, and using ENA to facilitate the scheme.
14. All the information on eligibility is available on the ENA website under 'Supplier Credit', containing details of DUoS and TNUoS support.
15. JD noted that CMP345 had been implemented on 25th June, WACM2, which brought in a cap of £15 per MWh per settlement period, which will run until 31st August 2020.
16. On Monday (6th July), the first weekly report was produced, detailing how much had been breached in the first week. There had been 37 settlement periods breached in the first week, approximately £2.8 million.
17. JD noted that the report would be updated each Monday, at the end of each day.

18. GG asked if this would be updated at a set time, for example would it be reflective of the last settlement period on Sunday evening. He noted it would be useful if the settlement periods covered could be updated on the report if not added already.
19. JD noted that it should be visible that when there is a breach of the cap, and how much that would lead to need to be recovered in the next financial year.
20. GG asked if similar information would be available for the TNUoS scheme.
21. JD replied that it would be looked into.
22. GG suggested it would be helpful for market transparency if how much was being taken up was visible.

ETYS data - potential Modification - Katharina Birkner, National Grid ESO

KB gave an update on a potential modification: alignment with SQSS - gross demand data in locational demand tariff calculations for TNUoS.

23. KB noted that this topic had previously been presented in January TCMF, where there had been some questions.
24. KB went through the model workings and noted that the defect hoped to be addressed by a mod was due to an increase in embedded generation, and this meaning locational signals were less accurate as a result. This had been identified by the GSR016 SQSS working group - it had been noted that net demand didn't reflect embedded generation. TNUoS locational signals are no longer aligned with SQSS.
25. KB explained that the proposed solution would look to treat embedded generation in the same way as transmission connected generation (using gross demand within the transport and tariff model).
26. KB also noted that the mod gave the opportunity to review the most suitable demand data source for TNUoS locational data. The recommendation is to move to the ETYS data used in the FES report, which had the benefit of being publicly available, in receipt of much stakeholder feedback, and having been through an internal audit.
27. KB noted that full analysis details couldn't be shared yet as it was sensitive to input data but some key points were highlighted such as: generation tariffs decreasing in the north and increase (or less negative) in the south; demand tariffs increase in the north and decrease in the south; overall, the locational tariff profile from north to south appear to be "flatter".
28. KB proposed that the best approach would be to raise a mod and discuss further at workgroup.
29. GG suggested that an external audit in addition to the internal NGESO one, would be useful for stakeholders.
30. PM asked when the mod would be raised, KB replied that more analysis was needed, but as soon as possible.
31. GM asked why ETYS data was recommended, why not harmonise with the DNOs approach. KB replied that consistency with FES would be a benefit. JZ noted that CUSC points to using the 7-year data.
32. HH asked if this mod would potentially affect the locational TNUoS tariff, and whether this topic would fall into the Access and Forward-Looking Charging Review. JD replied that this would be taken away for consideration.
33. PJ asked more on the modelling of gross embedded generation, in particular the use of fuel types. KB replied that it would need to be discussed in the workgroup.
34. HH asked whether the capacity for every embedded generation provider would go into the model, to which JZ replied that it wouldn't necessarily be all of them but it would be aggregated at GSP level.
35. CN asked whether the 1 MW threshold would apply. KB replied that it would.
36. GG suggested that it needed to be considered what was involved when setting specific thresholds. KB replied that it could be considered in the workgroup.
37. NF suggested that a lot of detail needed to be worked through, and a lot of input would be needed from industry on assumptions.
38. GG wondered if 2023 might be a more realistic timeframe for implementation.
39. HH noted that Ofgem are looking at 1MW embedded generation paying TNUoS and is interested to know how this modification overlaps with the TNUoS SCR - the overlap would depend, she suggested, on the

defect and breadth of the defect. It was noted that there had been a recent webinar, details available on the ENA's website, and a link to the material would be added to the TCMF slides when available.

Pathfinder Assessments Cost Recovery - Katharina Birkner, David Preston, Will Kirk-Wilson, National Grid ESO

40. WK opened the presentation, highlighting the changes affecting the energy system and the view that pathfinders meet the challenge of dealing with that.

41. WK highlighted the plan (slide 24) which showed five streams linked to the Operability Strategy Report, Stability, Voltage, Frequency, Restoration and Thermal.

42. WK noted the importance of pathfinders, and the need to identify new technologies and new ancillary services, comparing new ancillary services with traditional network asset solutions, to identify whole system solutions.

43. WK noted the pathfinders that are currently in progress and that there are significant BSUoS benefits forecasted from the stability pathfinder.

44. WK noted the challenges of ensuring technical feasibility assessments are undertaken appropriately, making the point that they can be a costly process which could cause barriers to entry. Technical feasibility studies are high level, need to be undertaken by DNOs and TOs and are not funded.

45. It was put forward that the ESO preferred approach is to recover these costs through BSUoS, arguing that BSUoS payers will also feel the benefit of reduced costs.

46. KB highlighted that the CUSC (section 14.29.5) allows 'costs associated with contracting for and developing Balancing Services' to be included in BSUoS charges.

47. KB also noted that Pathfinder services are specifically referenced in the NGESO C16 Procurement Guidelines for 2020.

48. DP ran through the other options considered for pathfinder assessment cost recovery, highlighting the principle to maximise competition and reduce barriers.

49. DP noted that other options such as application fees or up-front connection agreements could lead to unnecessary connections and loss of competition.

50. GG felt that the approach could be detrimental to competition, noting that the approach would use central cost sharing, which in his view could lead to lowering of standards and the artificial lowering of charges for connection.

51. DP stated that the approach is looking to increase competition.

52. MG noted, as an unsuccessful tenderer, that it wasn't possible to bypass the connection process, costs are still picked up but later in the process.

53. DP explained that if anyone comes forward for a tender, a degree of technical competence needs to be ascertained. He noted that the Mersey tender was a technical tender and a commercial tender, with some parties dropping out at the technical tender phase.

54. KB highlighted that successful participants still needed a full connection agreement.

55. GG wondered if these types of costs had already been submitted as part of the RIIO-2 price control, and if so, were they already funded. WK noted that under the current framework these costs weren't covered which was the reason for the presentation.

56. GG wanted to make sure it was already covered in either price control or incentives and therefore would be double counted in charging mechanisms.

57. GNi noted his support for the pathfinders and the participation of his organisation and highlighted the success of Enhanced Frequency response which led to reduced costs. He wanted to question the impact of the feasibility study process which could encounter planning and technological problems. He wondered if the time taken to undertake feasibility studies could delay the overall time taken for pathfinders and therefore delay savings for the consumer.

58. MG suggested that from experience feasibility studies allowed his organisation to rule out some of the options which couldn’t be done without earlier engagement.

59. DP & WK highlighted that the costs being discussed were only to recover TO and DNO costs for feasibility studies.

60. PN asked what the group should do to feedback and by when, it was explained that email details would be added to the published slides for people to feed back by 17th July, ahead of further discussions with Ofgem.

61. DP added that clarity was needed before new pathfinders were set up, GG noted that the previous way of working (prior to pathfinders) could be used to proceed if needed.

62. GNi added that TOs themselves also competed in these processes, and voiced concern at this.

63. DP replied that he understood the concerns but results showed that TOs had not been successful in these exercises.

64. HH asked when ESO were planning to discuss again with Ofgem, KB replied that it would be very soon.

Error Margin in the TNUoS G/D split calculation - Jo Zhou, National Grid ESO

65. JZ presented to the group on the error margin in the TNUoS Generation / Demand split calculation.

66. JZ noted that the purpose of the presentation was to clarify how the error margin was calculated, and to update the error margin to be used this year (for the 2021/22 tariff).

67. JZ explained the background to the split calculation (slide 31), how the error margin is determined (slide 32) and then ran through the components of the calculation (slide 33). She then noted that the error margin was introduced through CMP224 (which introduced a cap on total TNUoS revenue recoverable from generation users), that the procedure is being clarified following feedback, and the methodology is contained in alternatives for CMP317/327.

68. JZ also noted the intention to publish the calculation as part of the August TNUoS tariff 5-year view, and in future TNUoS tariff forecast publications.

69. GG asked in relation to rounding: whether the rounding would be down or up in CMP317/327. JZ replied that she would check the legal text.

70. SV felt there was nothing on rounding in the legal text.

71. GG also felt that was also the case for CMP224 and was surprised if there had been a move away from convention.

72. JZ noted that it was looking to be hard coded into the CUSC. GG felt that the process was hard coded into the CUSC and if there was nothing on rounding then in the example, 20.8 would have to be used - if rounding was allowed it would have to be rounded up to 21. He clarified hiss view that if the code is silent on rounding then rounding doesn't apply. He felt rounding down couldn't be undertaken if that wasn't explicitly allowed.

73. JZ replied that she would take it away to look at further.

74. JL asked: what was the current error margin. JZ replied that for 2020/21 it was 16%.

75. SV stated that it was his belief that there was nothing in the legal text for CMP317 / 327 on rounding.

Tertiary Connections - James Stone, National Grid ESO

86. JS presented on the topic of tertiary connections.

87. JS updated the group on the background to the topic (slide 36)

88. JS highlighted the impact of tertiary connections on the network (slide 37)

89. JS went through the definitions in CUSC of connection and infrastructure assets (slide 38)

90. JS highlighted NGESO's interpretation of 'use' (slide 39)

91. JS also highlighted a potential counter argument (slide 40)

92. JS summarised and asked stakeholders for views on NGESO's interpretation of the CUSC principles.

93. MPS stated the NG TO view which was that it was vital that connection charges were sustained; that connection charges led to trade-offs in investment choices, and the removal could mean that end consumers could end up paying (through TNUoS) for the local benefit of parties. He also highlighted concerns about the impact of boundary interpretation. MPS felt that careful consideration was needed and consumer impacts needed to be minimised.

94. GG noted the interpretation of the CUSC and referred to CMP261. He stated his belief that simply, if assets are shared then they are not connection assets. He felt that other interpretations may not be compatible with the CUSC and with EU law.

95. PJ felt there was a wider context related to generation and demand.

96. GG felt that context notwithstanding, the definition was clear.

97. NS asked: who are users? He suggested that users of transformers will be suppliers.

98. RL made the point that transformers are not new, and as such, what were the tertiary windings originally required to do? And he also asked why from 2018 were they 're-branded'?

99. GN explained that in 2018 relatively small connections had been requested where it became clear that connecting to tertiary windings would be a more economic way of connecting.

100. PJ wondered if they would be MITS by definition as there would be demand (as at the GSP).

101. GG replied that there was a difference between MITS used in TNUoS methodology and a connection asset. There could be a connection by a substation that may or may not be MITS.

102. GG made the point that there was a wider point about what assets are potentially 'sharable' and what enables them to be shared which was the basis of an interesting, wider discussion. He asked whether the topic would be brought back to TCMF.

103. GN and JS replied that more work was required but it could be brought back in two months.

104. GG asked for a clear statement from the ESO at the relevant time as to the conclusion reached when it has been decided.

AOB

105. PMo asked on progress of the recovery of the £12.7 million Intergen payment, originally asked about in April 2020 TCMF.

106. RY replied that ESO were still waiting for the Ofgem direction letter, and the HMRC treatment was still being finalised.

107. GG suggested that it may be worth considering making 80% of the payment ahead of the VAT decision, which would provide more certainty for stakeholders.

108. RY replied that it was very close to finalising the issue in any event.

109. PMo also asked about bad debt recovery which was highlighted in the CMP345 decision letter. He asked what was the level of bad debt that had been incurred by NGESO in the RIIO-1 price control period.

110. RY replied that it was still under discussion, and recovery could need a licence change to formalise for NGESO. She explained that for BSUoS it was a small amount, in single digit millions, but the exact figure could not be shared as the details were still being finalised as to what was potentially efficiently incurred.

111. GG asked whether an indication could be given as to whether the single digit million figure was 'high' or 'low'.

112. RY replied that it was a lower band number.

113. GG asked whether the amount that had been taken up by the TNUoS support scheme could be shared with industry.

114. RY replied that the scheme was being administered by the ENA. She agreed to take away and find out what had been agreed regarding information provision.

115. GG felt simply a single cumulative figure would suffice.

116. PMo asked whether there had been a bulletin on the scheme as a CUSC mod had not been raised. RY explained that details had been emailed to charging distribution recipients, with details also available on the ENA website.

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Action Item Log

Action items: In progress and completed since last meeting

ID	Month	Agenda Item	Description	Owner	Notes	Target Date	Status
20-1	Jan-20	ACLoMP	SM to provide further update following January's meeting	SM	Updated in April's meeting.	Apr-20	Closed
20-2	Apr-20	AOB	Ofgem to provide information on the impact of moving the TDR implementation on the small generator discount.	TA	Ofgem confirmed there was no impact on the small generator discount by moving the implementation date of the TDR mod.	May-20	Closed
20-3	Jul-20	Pathfinder	Pathfinder email contact details to be added to slides when published, and stakeholders to provide feedback if they wish to do so.	JWe	Email contact details added on slide publication on 9th July.	Jul-20	Open
20-4	Jul-20	Tertiary Connections	To bring back the topic of tertiary connections to TCMF.	JS		Sep-20	Open
20-5	Jul-20	BSUoS / TNUoS Support	To provide information on potential TNUoS uptake, if appropriate and available.	RY		Aug-20	Open
20-6		BSUoS / TNUoS Support	To provide greater clarity on bad debt amount incurred by ESO in RIIO-1.			Aug-20	Open
20-7		ETYS Data Potential Mod	Link to ENA TNUoS SCR webinar material to be added to TCMF slides when available.			Jul-20	Open