

# Meeting summary

## Transmission Charging Methodologies Forum and CUSC Issues Steering Group 107

<b>Date:</b>	03/09/2020	<b>Location:</b>	WebEx
<b>Start:</b>	10:30	<b>End:</b>	12:20

### Participants

Attendee	Company	Attendee	Company
Jon Wisdom (JWi)	National Grid ESO (Chair)	Karl Maryon (KM)	Haven Power
John Welch (JWe)	National Grid ESO (TCMF Tech Secretary)	Lisa Waters (LW)	Waters Wye
Matt Wooton (MW)	National Grid ESO (Presenter)	Mark Pearce (MP)	Neu Connect
Paul Mullen (PM)	National Grid ESO (Presenter)	Matthew Cullen (MC)	Eon
Jo Zhou (JZ)	National Grid ESO (Presenter)	Matthew Paige-Stimson (MPS)	NGET
Grahame Neale (GN)	National Grid ESO (Presenter)	Neil Bennett (NB)	SSE
Nick George (NG)	National Grid ESO (Presenter)	Niall Coyle (NC)	Eon
Mike Oxenham (MO)	National Grid ESO (Presenter)	Nick Tyson (NT)	Total GP
Binoy Dharsi (BD)	EDF Energy	Paul Jones (PJ)	Uniper
Chia Nwajagu (CN)	Orsted	Paul Mott (PMo)	EDF Energy
Christine Jamieson (CJ)	Xero Energy	Robert Longden (RL)	Cornwall
Dan Hickman (DH)	npower	Simon Vicary (SC)	EDF Energy
Dimuthu Wijetunga (DW)	npower	Tim Aldridge (TA)	Ofgem
Garth Graham (GG)	SSE Generation	Yonna Vitanova	Renewable UK
Grace March (GM)	Sembcorp	Nicola Fitchett	RWE Generation
Graham Wilcox (GW)	Endco		
Jessica Richardson (JR)	Intergen		
Joshua Logan (JL)	Drax		

## Agenda, slides and modifications appendices

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

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### TCMF and CISG Discussion and details

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**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. JWi opened the meeting, noted updated on the open actions (updates on the action log at the end of this summary).

#### **Code Modifications Update – Paul Mullen, National Grid ESO**

2. PM shared details of the progress of current modifications, details available on the slides.
3. RL asked if the team was now fully resourced, PM replied that it was.
4. GG highlighted that MARI mods may not be needed depending on what happens with Brexit.

#### **CMP 350 (BSUoS Covid Support Mod) Update - Grahame Neale, National Grid ESO**

GN provided an update on CMP350.

5. GN noted that CMP350 was raised on 15th July to revise the BSUoS Covid Support Scheme that was introduced under CMP345.
6. It was granted urgency and submitted to Ofgem for decision on 6th August
7. CMP350 decided on 13th August, chosen solution was to revise the £/MWh cap to £10/MWh and extend the scheme until 25th October 2020.
8. This was implemented on 14th August i.e. following day
9. Based on the II (Interim Info) report from yesterday, £2.6m of BSUoS deferred under the CMP350 solution since it was implemented.
10. GN explained that the report was updated daily and is located on the ESO BSUoS page - <https://www.nationalgrideso.com/industry-information/charging/balancing-services-use-system-bsuos-charges>

#### **Intergen Payment Update - Rebecca Yang, National Grid ESO**

JWi provided an update on this issue on behalf of the Revenue team, as RY was not in attendance.

11. JWi noted that there had been an update from Ofgem that VAT was applicable. Customer communications and payments will be processed in the next couple of weeks.
12. GG raised a point that he explained that he had also raised at CUSC panel - that it would be useful to understand the process from Ofgem, and while he understood there may be different reasons for rebate payments being made, it would be useful to get clarity from Ofgem on the timescales from a decision being reached to when other parties could expect to receive payment.
13. JWi noted that enforcement is on a case by case basis.
14. TA said that he would pass this point on to colleagues within Ofgem.

**TNUoS Global Security Factor - Jo Zhou, National Grid ESO**

JZ gave an overview of the TNUoS Global Security Factor.

15. JZ explained the purpose of the global security factor, explaining the calculation and the current rounding convention.
16. GG asked if it could be confirmed what is the rules for rounding, is it always up or down and why is this the case - why is it not rounded up to say two decimal places rather than one?
17. JZ noted a lack of specificity in the CUSC.
18. JWi acknowledged this was something for ESO to take away and confirm, which JZ agreed to do.

**TO Data Provision for the Expansion Constant Calculation - Matt Wooton, National Grid ESO**

MW gave an overview of the current state of play with this topic.

19. MW stated that the majority of the data sets had been received from the TOs.
20. He highlighted concerns that there was potentially not a large enough sample for an accurate calculation of the EC. From the data received so far, there has only been a small number of large transmission projects in the last 10 years.
21. MW explained that work is ongoing with the TOs to understand what additional data could be obtained.
22. MW noted that the team will return to the next TCMF with an update.
23. CN asked if any deviation was expected in forecast - MW said the value could increase based on the data received so far. But it was still not certain, hence rigorous additional checks. Current needing to use the RIIO-1 inflated number in the meantime.
24. RL asked in terms of process, heading into the final stages of RIIO-2, why now only requesting the relevant data. MW replied that they would take the point on board but pointed out that the process did begin last year.
25. PJ asked if it the size of increase could be stated.
26. MW replied that it could be significant but this was still being worked on, and rigorous analysis and checks were being conducted. They needed to understand the data and the low number of projects they were working with - data was not as extensive as it has been in the past. They are currently engaged with the TOs and looking at the CUSC to see what forward looking data could be used.
27. RL wondered if it meant there had been significant increases in construction cost and if so it would be better to understand that more incrementally.
28. JWi highlighted that the issue was that there wasn't full confidence in the results at this stage.
29. MC asked if the lower confidence was due to data comparisons or actually due to the high numbers being seen? MW replied that it was a combination of both factors.
30. MC asked when the last time the expansion constant number was updated, MW replied it was in 2013/14.

**Early Competition Plan - Mike Oxenham, National Grid ESO**

MO gave an overview of progress on the Early Competition Plan.

31. MO explained that Ofgem had asked NGENSO to provide potential plan for Early Competition by Feb 2021.
  32. Phase 2 consultation closed on 14 August.
  33. Further engagement would take place in phase 3 - late November.
  34. MO provided an overview of the potential model for engagement, where a tender could be launched 'early' but engagement would commence 'very early'.
  35. MO explained there had been some discussions on roles and responsibilities - who would perform the role of the procurement body, the approver role, counterparty roles, etc.
  36. MP asked about solution design and how public feedback would be obtained.
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37. MO replied that in an 'early' model the procurement body would award someone to take it through and wouldn't hand it over for optioneering.
38. MO explained that they were seeking views on the revenue model, as well as the commercial model, also risk and risk allocation.
39. Views were also being sought on a proposed tender process (based on a fairly standard tender process at present).
40. MO outlined the stakeholder timeline - with an industry codes workshop to be held in September.
41. LW asked what general feedback was so far, as there appeared to be some potential complexity involved. MO replied it was mixed, and acknowledged the scale of the potential change and thoughts were still at a high level.
42. RL felt it would be useful if the industry could have an overview of all the costs, risks, roles and responsibilities, and noted that he felt the offshore regime had ended up differently to what had been envisioned initially.
43. GG echoed that and noted he would be keen to see there was a level playing field for all participants
44. MO noted that it was still early in the development of the model and still plenty of time for parties to contribute to the discussions.

#### **VAT and securities - Nick George, National Grid ESO**

NG gave an overview of current practice in relation to VAT and securities.

45. NG explained that CMP342 had been raised to clarify VAT practice following a query from a party. The July CUSC panel had asked for an illustration of how VAT flowed through the process that had been provided and was being reproduced here.
46. NG noted that the mod had been approved at CUSC Panel as a self-governance mod and was now waiting for the appeals window to close.
47. NG ran through the example on the slide.
48. LW asked if there was a published illustration she could share with colleagues, NG replied that the slide would be published as part of the material after the meeting.

#### **Financial Securities, potential modification - Mark Pearce, Neu Connect**

MP gave an overview of a potential CUSC modification in the area of Financial Securities.

49. MP updated the group, noting that he had previously worked for National Grid in the area of discussion, and was now working for a developer which meant he was able to see both perspectives.
  50. As a result, he felt that the current timescales for cash security deposits controlled through a National Grid escrow account - 45 days prior to the security period - led to over securitisation.
  51. MP's proposal would amend the timescales specifically for cash deposits by one business day, or the final week before the next security period.
  52. GG felt that one business day may be too short a period to accommodate process corrections and to avoid default and transgression. MP agreed that was a valid point.
  53. GG highlighted that it would be useful for the CUSC Panel to understand what the implementation timescales were - would it be needed for the next security period in February or after that in August?
  54. MP stated his preference was for the next period in Feb 2020 and that would be highlighted in the modification.
  55. GN noted that it would need to be considered how cash deposits impact on terminations.
  56. NG also noted that the timescales around default notices (7 days) also needed to be considered.
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**AOB**

- 57. CN asked how confident in the recent 5-year forecast was the ESO? JZ replied that it was a 5-year view designed to highlight trends and areas to consider. The one year ahead forecast however is designed to be as accurate as is possible.
  - 58. LW felt that longer forecasting and greater certainty was needed by the market.
  - 59. JZ added that MW would be returning to TCMF to update further on the expansion constant.
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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 9 <sup>th</sup> July.	Jul-20	Closed
20-4	Jul-20	Tertiary Connections	To bring back the topic of tertiary connections to TCMF.	JS	JWi updated the Sept meeting that there would be an open letter published imminently which would set out the ESO's position.	Sep-20	Closed
20-5	Jul-20	BSUoS / TNUoS Support	To provide information on potential TNUoS uptake, if appropriate and available.	RY	JWi provided an update from the Revenue team: BSUoS - £9.7m deferred up to 19 <sup>th</sup> August, TNUoS £10.2m deferred so far.	Aug-20	Closed
20-6		BSUoS / TNUoS Support	To provide greater clarity on bad debt amount incurred by ESO in RIIO-1.	RY	No further update for September's meeting - further details will be provided once agreed.	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	Closed