

# Meeting summary

## Transmission Charging Methodologies Forum and CUSC Issues Steering Group 108

Date:	08/10/2020	Location:	WebEx
Start:	10:30	End:	12:10

### Participants

Attendee	Company	Attendee	Company
Jenny Doherty (JD)	National Grid ESO (Chair)	Graz Macdonald (GMA)	Viridis Power
James Stone (JS)	National Grid ESO (TCMF Tech Secretary)	Paul Mott (PMo)	EDF Energy
Matt Wootton (MW)	National Grid ESO (Presenter)	Robert Longden (RL)	Cornwall
Paul Mullen (PM)	National Grid ESO (Presenter)	Tim Aldridge (TA)	Ofgem
Jo Zhou (JZ)	National Grid ESO (Presenter)	Yonna Vitanova (YV)	Renewable UK
Grahame Neale (GN)	National Grid ESO (Presenter)	Nicola Fitchett (NF)	RWE Generation
Eleanor Horn (EH)	National Grid ESO (Presenter)	Lee Stone (LS)	Eon
Paul Jones (PJ)	Uniper (Presenter)	Iwan Hughes (IW)	Vitol Group
Katharina Birkner (KB)	National Grid ESO (Presenter)	Sally Lewis (SL)	National Grid Ventures
Chia Nwajagu (CN)	Orsted	Marc Smeed (MSm)	RIDG
Lorraine Nicholson (LN)	ESB		
Garth Graham (GG)	SSE Generation		
Grace March (GM)	Sembcorp		
Joshua Logan (JL)	Drax		
Matthew Cullen (MC)	Eon		
Matthew Paige-Stimson (MPS)	NGET		
Neil Bennett (NB)	SSE		
Maciek Stefanski (MS)	CoGen		

## 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. JD opened the meeting, providing overview of meeting agenda and topics for discussion.

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

2. PM shared details of the progress of current modifications, details available on the slides. PM noted that all TCR modifications were now with Ofgem awaiting a decision, but dates for such decisions are not known.
3. PM explained there will be a deep-dive at October's CUSC Panel to review the current modification prioritisation stack. RL stated that it would be useful for the November update to not only show the change in priority but also how this change will advance timescales for Modification progression. PM agreed to consider this.
4. PM noted that 2021 CUSC Panel related and TCMF dates would be communicated to stakeholders at the November TCMF. GG proposed some changes to how the 2021 dates are presented and PM agreed to adopt this format from November 2021.

#### **TNUoS Global security factor Update – Jo Zhou, National Grid ESO**

JZ provided a further verbal update (following the September TCMF) on the global security factor.

5. JZ explained NGESO are still seeking clarity and a legal position on the rounding convention for the global security factor calculation.
6. GMA asked if this issue would be consulted on or if NGESO would just clarify their position. JZ explained it would be difficult to confirm if this may need to go to consultation until the legal position is firmed up.
7. GG raised a point that it may be useful for the legal position to be summarised for the TCMF and CUSC Panel as the rounding is important in terms of cost reflectivity as any change could have big implications in terms of TNUoS costs.
8. JZ agreed that transparency and consistency is important and understood this is significant for customers.
9. JZ agreed if a position was reached by the November TCMF then she would be comfortable to share an update on the issue.

#### **TO Data Provision for the Expansion Constant Calculation Update - Matt Wootton, National Grid ESO**

MW provided a verbal update on the work undertaken in relation to the expansion constant since the September TCMF.

10. MW explained that the first Working Group had now taken place between NGESO and the TOs with general discussion around data provision, methodologies, assumptions and the wider RIIO parameters highlighted at the previous TCMF.
  11. MW noted that several actions had been taken including; clarity on data items; and identification of inconsistencies between the CUSC and STC i.e. what is allowed within the CUSC vs data required as part of the STC. He explained that another meeting was planned for the 19<sup>th</sup> October.
  12. RL raised a point that the draft impact values provided at the previous TCMF were of concern to some attendees and following the Working Group actions would these values be refreshed.
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13. MW explained that once a fully agreed data set was available then these values would be revisited but he couldn't confirm timescales for this nor that previous values presented at TCMF would change.
  14. MW noted that the aim was to progress this issue quickly with the hope that a better view may be available for draft forecasts and that an overview could be provided at the next TCMF.
  15. NF asked to confirm timings. MW confirmed again the hope for a view for draft tariffs but that there may not be an update between then and the final tariffs in January but would confirm internally if another update could be provided once there was visibility of values.
  16. GG raised a point that if a view was available for draft tariffs it may be useful to provide not just the baseline but also upper limits to understand the magnitude of change. MW stated he would look to provide a range to help inform industry if the expansion constant work wasn't finalised by then.
  17. NF raised a point that if the expansion constant isn't determined this may impact the 'rezoning' modification. MW re-iterated that the expansion constant work was being progressed as quickly as possible.
  18. RL raised a point that it may be beneficial to look at this piece of work earlier for the next price control. MW agreed and advised that an action had already been taken at the first Working Group to aim to perform mid to long term reviews.
  19. JZ also noted that in terms of planning NGENSO are aware of how this work ties in with the rezoning modification and this was why the modification was raised as early as possible.

#### **TCR Update – Grahame Neale, National Grid ESO**

GN gave a verbal update on the TCR progress and associated modifications.

20. GN explained that TCR CUSC modifications for the Demand/Generation Residual were now with Ofgem for decision which was expected shortly.
21. GN advised that BSC proposal 'P402: Enabling reform of residual network charging as directed by the Targeted Charging Review' had been released to assessment consultation with a response deadline of 27<sup>th</sup> October and encouraged attendees to respond with views.
22. GG asked if a link to the consultation could be provided when the TCMF slides (16) were published. GN agreed.

#### **TO Revenue Forecasts – Jo Zhou, National Grid ESO**

JZ gave an overview of NGENSO's approach to the TNUoS draft tariff forecast in November, ahead of Ofgem's final determination (FD) on RIIO-T2 and Onshore TO's allowed revenues.

23. JZ stated that NGENSO had been looking at Onshore TO revenue values and ran through how these may shift in terms of baseline values between now and when final determinations are made by Ofgem.
24. JZ explained NGENSO were seeking comments from stakeholders on the NGENSO view/assumptions.
25. GG made the point that it may be beneficial when forecasts are produced to provide some sensitivity analysis around annuity and RoR to highlight monetary impact per percentage variation. In addition, he thought it may also be useful to take into account the recent CMA determinations on the water utilities RoR values.
26. GG asked if views were needed now or if there was time to digest the information. JZ stated that a contact email address would be added to the TCMF slides and published shortly on the website to allow stakeholders chance to provide comments.
27. RL stated that information provided was useful and thanked JZ for providing the NGENSO assumptions.

#### **Second Balancing Services Task Force – Eleanor Horn National Grid ESO & Paul Jones Uniper**

EH & PJ gave an overview of why the Second Balancing Services Task Force was set up and the key deliverables.

28. PJ provided an overview of consultation responses, task force recommendations and reasoning for each key deliverable.
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29. PJ then detailed next steps providing an indicative view of timings.
30. MC asked how recommendations might be adopted. PJ stated that he assumed that any changes would be driven by the modification process.
31. PMo asked for clarity on timelines. PJ advised that the timeline assumes the 2-year notice period to industry runs from any decision on the direction of travel from Ofgem.
32. MC asked why NGENSO would be exposed by a longer notice period for fixing charges as they would get paid eventually. PJ confirmed the issue was more about how much revenue NGENSO could recover and how much they would be allowed to rollover i.e. within K Factor thresholds.
33. GG made a point that one option to mitigate this could be for NGENSO to hold a 'float' paid for and built up over time by industry.

### **Brexit CUSC Changes - Katharina Birkner, National Grid ESO**

KB gave an overview of Brexit outcomes and likely impacts to the CUSC and changes to legal text.

34. KB noted the key message was that any essential changes to the CUSC as part of a deal/no deal scenario would not be large.
35. GG made a point that it may be useful to reference the link to Brexit for any code modifications as well as how this may change overtime i.e. no change at first etc.
36. GMA made a point that a 'plain English' deal or no deal impact summary for wider industry would be useful. RL agreed, adding that how it impacts various parties for example CUSC/Suppliers would also help. KB stated that currently no-one had all the answers so this would be difficult at present but NGENSO would look in to this.

### **AOB**

37. GG asked how Brexit CUSC changes would apply TNUoS to interconnectors, referencing a commission statement relating to the payment of TNUoS (or its equivalent) by GB associated with imports from other countries and asked if something should be put in place to 'reciprocate' this.
38. KB stated that this would be addressed by ITC arrangements.
39. PMo made a point that if a country hadn't agreed/adopted this process and it wasn't in our law would it apply anyway.
40. PMo requested an update on Intergen payments and timings. JD agreed to take an action to provide this to the group. **Action Update: ESO are awaiting confirmation from Ofgem and final instruction on the treatment of the payments, and will update via TCMF as soon as further information is available.**
41. RL asked for a further update on Brexit at the November TCMF. JD agreed.

## 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
20-8	Oct-20	TCR Update	Link to 'P402' consultation to be added to TCMF slides when published.	JS	Link added on slide publication on 12 <sup>th</sup> October.	Oct-20	Closed
20-9	Oct-20	TO Revenue Forecasts	TNUoS email contact details to be added to slides when published, and stakeholders to provide feedback if they wish to do so.	JS	Email contact details added on slide publication on 12 <sup>th</sup> October.	Oct-20	Closed
20-10	Oct-20	AOB	To provide information on Intergen Payments	JD	JD to provide further details following conversation with Revenue team.	Oct-20	Open