

Meeting 114
6 May 2021

**Transmission Charging
Methodologies Forum and
CUSC Issues Steering Group**

nationalgridESO

Agenda

1	Introduction, meeting objectives Jon Wisdom - NGESO	10:30 - 10:35
2	Code administrator update Paul Mullen - Code Administrator NGESO	10:35 - 10:45
3	Update on FY2020/21 compliance with €0-2.50 range Andrew Havvas - NGESO	10:45 - 11:00
4	Update on BSUoS under-recovery Jenny Doherty - NGESO	11:00 - 11:15
5	Expansion Constant Update Grahame Neale - NGESO	11:15 - 11:30
6	Market-wide Half Hourly Settlement Keren Kelly - NGESO	11:30 - 11:45
7	AOB and Meeting Close Jon Wisdom - NGESO	11:45 - 12:00

Code Administrator Update

Paul Mullen, Code Administrator NGENSO



Authority Decisions Summary (as at 6 May 2021)

Authority decisions since last TCMF

Modification	Decision Date
CMP368/369 Urgency Request	Decision received 22 April 2021 to reject request for Urgency
CMP373 Urgency Request	Decision received 23 April 2021 to approve request for Urgency
CMP344	Send back of CMP344 'Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology' as lacks clarity

Authority Decisions Summary (as at 6 May 2021)

On 4 May 2021, Ofgem published a table that provides the expected decision date, or date they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision [here](#)

Modification	Decision Date / Anticipated Decision Date
CMP335/336 and CMP343/340	Consultation on CMP343 to be published 10 May 2021. Expected decision dates for all these Modifications is 27 August 2021
CMP300	17 May 2021
CMP280	27 May 2021
CMP292	30 June 2021

Implementations Summary (as at 6 May 2021)

Implementations

- None since last TCMF

Withdrawals

- None since last TCMF

Panels since last TCMF

16 April 2021

- 1 New Modification:
 - **CMP368/CMP369** – Panel by majority did not recommend urgent treatment to Ofgem.

21 April 2021

- 1 New Modification:
 - **CMP373** - Panel unanimously recommended urgent treatment to Ofgem.

Panels since last TCMF

30 April 2021

- 3 New Modifications:
 - **CMP370** seeks to align the connection offer acceptance period for interactive connection offers with the new Interactivity policy. Code Administrator Consultation to be issued 14 May 2021 subject to clarifications being provided to CUSC Panel.
 - **CMP371** seeks to update CUSC Section 8 such that it is possible, under one CUSC Modification Proposal, to change CUSC provisions relating to Connection Charges, and Use of System Charging Methodologies alongside non charging provisions. Code Administrator Consultation to be issued 11 May 2021 subject to minor legal text changes.
 - **CMP372** seeks to reflect the terms of the UK's departure from the EU. Timing of Code Administrator Consultation to be confirmed – potential legal text changes being worked through.
- No Workgroup Reports or Draft Final Modification Reports
- Presented enhanced forward look out on CUSC, Grid Code and STC Modifications for next 12 months – really helps see where the gaps and constraints are and enables the right conversations about prioritisation

Next Panels

10 May 2021

- **CMP373** Workgroup Report – have Terms of Reference been met?

14 May 2021

- **CMP373** Draft Final Modification Report – Panel Vote on whether or not to recommend implementation

28 May 2021

- Possible New Modifications:
 - ESO's wider review of the Expansion Constant
 - **CMP308** (Removal of BSUoS charges from Generation) Workgroup Report
- Panel votes on whether or not to recommend implementation of:
 - **CMP326** (seeks to introduce a 'Turbine Availability Factor' for use in Frequency Response Capacity Calculation for Power Park Modules (PPMs); and
 - **CMP365** (based upon the principles of Grid Code GC0131 'Quick Wins' and aims to incorporate a smoother and more efficient process for code modifications that will allow for the best use of industry time)
- Forward look out on Modifications for next 12 months
- Ofgem update on Market Wide Half Hourly Settlement Reform

In Flight Modification Updates



In flight Modifications (as at 6 May 2021)

0 open Workgroup Consultations

1 open Code Administrator Consultation

- **CMP326** – closes 6 May 2021
- **CMP373** to be opened 10 May; **CMP371** to be opened 11 May; **CMP370** to be opened 14 May and **CMP372** to be opened in May also

7 CUSC Workgroups held in April 2021

- 10 held across CUSC, Grid Code, STC and SQSS
- 13 to be held across CUSC (9 CUSC), Grid Code, SQSS and STC in May2021

For updates on all “live” Modifications please visit “Modification Tracker” at:

<https://www.nationalgrideso.com/industry-information/codes>

2021 Dates



CUSC 2021 - Panel dates

CUSC	(TCMF) CUSC Development Forum	Modification Submission Date	Papers Day	Panel Dates
January	7	14	21	29
February	4	11	18	26
March	4	11	18	26
April	8	15	22	30
May	6	13	20	28
June	3	10	17	25
July	8	15	22	30
August	5	12	19	27
September	2	9	16	24
October	7	14	21	29
November	4	11	18	26
December	25/11	2	9	17

Update on FY2020/21 compliance with €0-2.50 range

Andrew Havvas NGESO



2020/21: Compliance with EU Regulation 838/2010

Out-turn 2020/21 TNUoS Generation revenue is **€0.018/MWh**, which is within the €0 – €2.50/MWh range and therefore compliant with the EU 838/2010 Limiting Regulation. The table below summarises out-turn TNUoS Generation revenue for 2020/21:

- TNUoS Generation charges issued at the reconciliation 30th April 2021 are included,
- Net station demand charges of £5.95m are **not** included,
- Wider charges include the effect of the Small Generators Discount.

	TNUoS Generation Revenue excl. demand charges, £m			
	Wider	Local Onshore	Local Offshore	TOTAL
Directly Connected Generators	3.33	33.75	296.72	333.80
Large Distributed Generators	-8.25	0.00	0.00	-8.25
ALL GENERATORS	-4.92	33.75	296.72	325.56

2020/21: Compliance with EU Regulation 838/2010

For the purposes of assessing compliance with the Limiting Regulation, the following are excluded:

- All Local Charges for Local Circuits and Local Substations paid by Generators,
- TNUoS charges payable by Large Distributed Generators,
- Export volumes associated with Large Distributed Generators.

(1) Eligible TNUoS Generation Revenue, £m	(2) Generation Output, MWh	(3) Exchange Rate (£/€)	(4) Out-turn €/MWh
3.33	206,274,630	1.120876	0.018

Sources: (1) Eligible TNUoS Generation revenue highlighted by red-rectangle on slide 1,

(2) Exports for directly connected Generators for all settlement periods in 2020/21, from Elexon settlement metering (i014),

(3) Average daily sterling/euro exchange rate during 2020/21, from Bank of England website.

Pre-existing assets

The out-turn values presented above do not take account of charges from pre-existing assets since this area is currently undergoing development as part of the CUSC modification process. However, we estimate that the minimum amount of additional revenue (£1.25m) that could be included in the compliance calculation would increase the out-turn value to €0.025/MWh.

Changes since December view of out-turn

The estimate out-turn provided to TCMF in December was based on eligible Wider revenue of -£28.64m.

At that time, the two main areas of uncertainty were:

1. the impact of new connections on eligible Generation revenue

- new connections and TEC increases prior to the end of the charging year
- the value of the residual tariff on the above changes was ~£4m but it was unclear how much would actually be charged

OUTCOME: additional billing of -£2.01m due to TEC changes was required. -£0.67m of this amount was for Large Distributed Generators, reducing the eligible Wider revenue by the remaining -£1.34m.

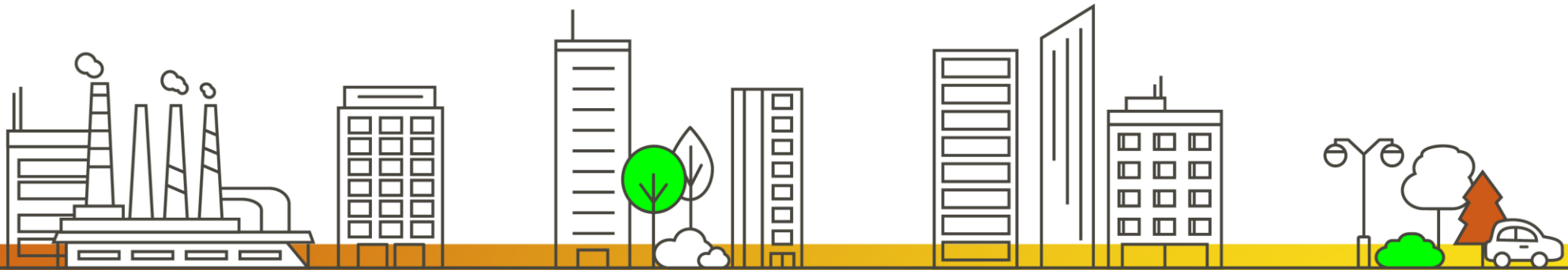
2. the amount of invoicing at the reconciliation due to 'Peak Export < TEC' for Generators being charged a negative wider tariff

- additional eligible revenue of between £20m - £30m was expected

OUTCOME: additional billing of £34.77m due to Generators with negative tariffs having Peak Export less than TEC. £1.46m of this amount was for Large Distributed Generators, with the remaining amount increasing eligible Wider revenue by £33.31m.

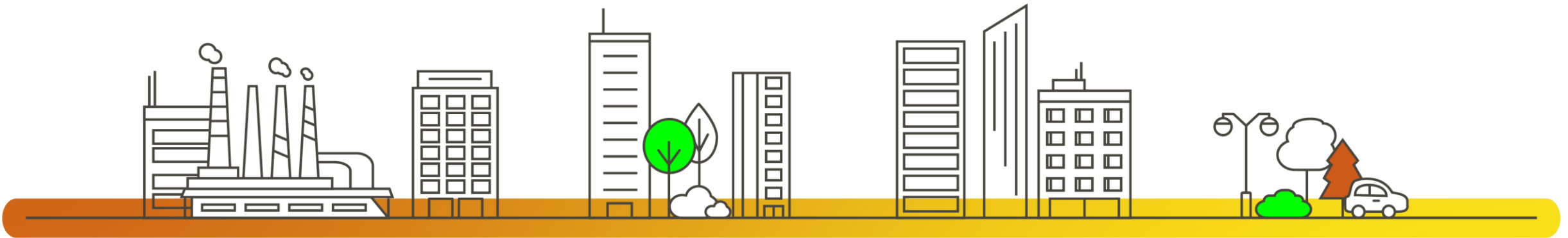
Update on BSUoS under-recovery

Jenny Doherty NGENSO



Expansion Constant Update

Grahame Neale NGENSO



Summary of work to date

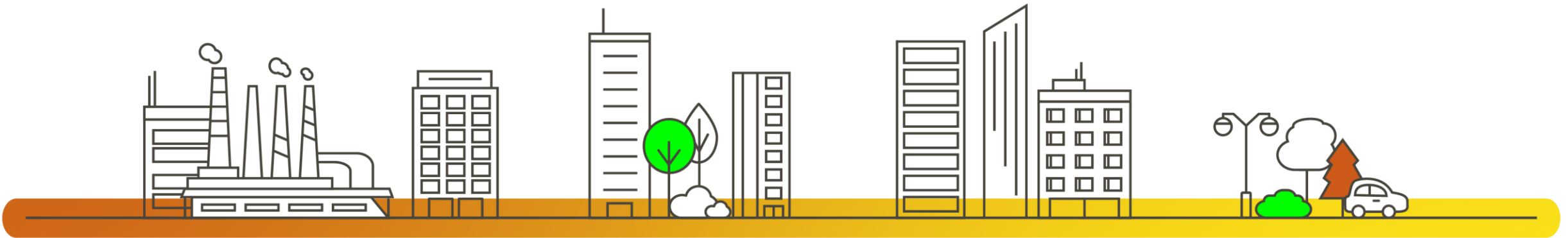
1. Analysis for RII02 Expansion Constant recalculation led to raising and subsequent approval of CMP353 as calculation wasn't reflective of the works undertaken by Transmission Owners.
 - Small sample size of 3 projects eligible to be included in the current calculation (400kV OHL)
 - Details of 6 additional projects provided but not included in the calculation as these were part of uprating or refurbishment works.
 - Expansion Factor calculations less directly affected (as more works undertaken) but indirectly affected by the Expansion Constant
2. Various options identified of how to modernise the Expansion Constant. Starting work to look at the practicalities of implementing these in theory but some questions outstanding that will need workgroup/industry input;
 - If/how prospective data should be included in the calculation?
 - How/should the Expansion Constant capture 'whole system' solutions (i.e. not delivered by a onshore TO)?

Summary of next steps

1. Keep engaging with industry via TCMF, the CMP315 workgroup & bilaterally (Grahame.Neale@nationalgrideso.com)
2. Data will be a key component so discussions ongoing with Transmission Owners
3. Expectation that a proposal will be raised for either May or June CUSC panels with a planned implementation date of April 2023 (depending on interactions with other charging work).
4. The modification proposal:
 - Will be focused on expanding the types of 400kV works captured in the calculation but other changes will also be suggested for discussion by the workgroup.
 - Will look to also cover the scope of CMP315 (i.e. supersede or amalgamate with CMP315)
 - STC modification to begin drafting once CUSC modification raised. Participation of Transmission Owners in a CUSC workgroup would be beneficial.

Market-wide Half Hourly Settlement

Keren Kelly NGENSO



Market-wide Half Hourly Settlement

- Ofgem have published their [Decision and Full Business Case](#) for Market-wide Half Hourly Settlement (MHHS):
 - MHHS will proceed on the Design Working Group's (DWG) **Target Operating Model (TOM)**
 - Transition will complete by **October 2025**
 - The Initial settlement run (**SF**) should take place at **5-7 working days**
 - The Final settlement run (**RF**) should take place at **4 months**
 - The reduction in settlement timescales should happen as soon as reasonably practicable after the end of migration
 - The decision is applicable to **import**-related and **export**-related **MPANs**, with the transition period for both being the same
 - **Elexon** have overall programme management responsibility and have been appointed the Senior Responsible Owner (SRO)
- Ofgem estimate the chosen option will deliver net benefits to GB consumers in the range of £1,559m-£4,509m over 2021-2045

MHHS – Current Consultations

- Ofgem have issued a Consultation on Implementation and Governance Arrangements with responses due by 25th June 2021
 - Industry-led implementation
 - Proposed obligations to be placed on all programme participants and relevant code bodies to comply with MHHS implementation:
 - Detailed BSC obligations with additional requirements in other codes including the CUSC
 - Governance Framework including decision-making structure
 - Independent Programme Assurance
 - Ofgem role as Programme Sponsor
- Decision document expected in summer 2021, coming into effect autumn 2021
- Code change progression through the SCR process. Ofgem will present code changes to the relevant code panel so they can provide a recommendation. Following this, Ofgem will make final decisions and state when the changes are to come into effect
- The Architecture Working Group (AWG) have also issued a consultation on reference architecture to support MHHS. Deadline for responses is 8am on 24th May 2021.

MHHS – Further Considerations

- Further code changes necessary for the detailed design will be consulted on at a later stage (April 22)
- Ofgem recognise the dependencies and relationships with other change programmes, specifically the Access and Forward Looking Charges review
- We expect the majority of any impact on the charging methodologies to be within demand TNUoS charges
- We are working with the central programme and Ofgem to consider the necessary changes and how the more detailed design interacts with the Access and Forward Looking Charges review

AOB & Close

