

## Meeting summary

### Transmission Charging Methodologies Forum and CUSC Issues Steering Group 116

Date:	02/09/2021	Location:	WebEx
Start:	10:30	End:	12:30

### Participants

Attendee	Company	Attendee	Company
Jon Wisdom (JW)	National Grid ESO (Chair / Presenter)	Matt Wootton (MW)	National Grid ESO
Jennifer Groome (JG)	National Grid ESO (TCMF Tech Secretary)	Nicola Fitchett (NF)	RWE
Paul Mullen (PM)	National Grid ESO (Presenter)	Chia Nwajagu (CN)	Orsted
Jo Zhou (JZ)	National Grid ESO (Presenter)	Graham Pannell (GP)	Fred Olsen Renewables
Nick Everitt (NE)	National Grid ESO (Presenter)	Greg Scott-Cook (GS)	Uniper Energy
Katharina Meehan (KM)	National Grid ESO (Presenter)	Lisa Waters (LW)	Waters Wye Associates
Shona Watt (SW)	National Grid ESO (Presenter)	Claire Warren (CW)	Haven Power
Tim Gregory (TG)	National Grid ESO (Presenter)	Niall Coyle (NC)	Eco Energy
Jenny Doherty (JD)	National Grid ESO	Neil Bennett (NB)	SSE
Aled Moses (AM)	Shell	Robert Longden (RL)	Cornwall Insight
Alice McCormick (AMc)	National Grid ESO	Steve McKnight (SM)	Engie
Andrew Havvas (AH)	National Grid ESO	Paul Youngman (PY)	Drax
Dan Hickman (DH)	Npower	Matt Cullen (MC)	EON
Garth Graham (GG)	SSE Generation	Alan Currie (AC)	Ventient Energy
Grahame Neale (GN)	National Grid ESO	Rich Paterson (RP)	National Grid
Josh Logan (JL)	Drax	George Moran (GM)	Centrica
Nicky White (NW)	National Grid ESO	Sean Gauton (SG)	Uniper

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Rebecca Yang (RY)	National Grid ESO	Ander Madariaga (AN)	Ocean Winds
Robert Longden (RL)	Cornwall Insight	Paul Mott (PMo)	EDF

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## Agenda, slides and modifications appendices

<https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc/tcmf-cisg>

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## TCMF and CISG

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*Please note: These notes are produced as an accompaniment to the slide pack presented which can be found here: <https://www.nationalgrideso.com/document/207531/download>*

### Meeting Opening - Jon Wisdom, National Grid ESO

JW opened the meeting providing an overview of the agenda items for discussion.

### Code Modifications Update - Paul Mullen, Code Administrator National Grid ESO

PM shared details of the progress of current modifications. See slides for more detail.

- GP requested that CUSC modification names or a summary of each modification be referred to rather than numbers only. [Post meeting note: The published slide pack contains a summary of what each modification does].
- PY queried whether Ofgem have given an indication of the decision date for CMP343. This was not known by the attendees. The names of two Ofgem contacts were shared with PY to get in touch with.
- NF raised that historic TCMF and CISG meeting materials have been removed from the ESO website and suggested that at least 5 years of materials should be kept available. Other attendees shared their support for this. PM took an **ACTION** to liaise with AH to see if the materials could be re-published.

### TNUoS gen cap error margin calculation - 2021 result - Jo Zhou, National Grid ESO

JZ briefly covered what the EU generator cap and error margin are, before explaining the what the current error margin is (2021/22) and what the updated error margin will be (2022/23). JZ gave an overview of the calculation and the approach that has been taken for the updated error margin, which has been published as part of the August TNUoS tariff forecast. See slides for more detail.

#### Discussion themes / Feedback

- GG queried whether eligible revenue includes power station demand charges. JZ did not believe it does but took an **ACTION** to confirm.

### BSUoS incentive recovery – Nick Everitt, National Grid ESO

NE presented ESO's proposed approach to recover the ESO incentive through BSUoS charges this year, before taking feedback from attendees. NE then updated on how the incentive arrangements will work for the 2021/22 and 2022/23 charging years. See slides for more detail.

#### Discussion themes / Feedback

- GG advised that the ESO should set out the approach for what happens if they were to under-perform and have the need to issue a rebate. NE responded that mechanisms are in place for this.
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- JL queried whether the £5m incentive collection for this year was included in the August BSUoS forecast. It was explained that it was not included because the determination by Ofgem occurred on 30 July, but that it will be reflected in the next publication in September.
  - PY queried that information will be shared externally regarding the system updates that NGENSO are introducing over the next 18 months. NE responded that customer engagement is planned.

## Early Competition Plan update – Katharina Meehan, National Grid ESO

Ofgem asked the ESO to work alongside stakeholders in and outside the electricity industry to Deliver an Early Competition Plan (ECP). The Final Early Competition plan was submitted to Ofgem in April 2021. KM explained what the plan explores and the proposals within the plan, before talking through the end to end process for early competition, the roles and responsibilities for those involved, and the next steps for this work. See slides for more detail.

### Discussion themes / Feedback

- GG queried what securities will be in place for non-performance such as late delivery or decommissioning. KM responded that ECP is a policy document rather than a detailed implementation guide and that, the detail will be refined in the codes and the licence changes.
- GG queried whose responsibility it is for the technical assessment of the bids and to which Electrical standards they will be built. He suggested that this should be the host TO. KM suggested that it is the TOs that assess bids from a technical assessment but reminded attendees that the document that has been produced is a policy document only and Ofgem has not yet decided on whether Early Competition is happening or not. KM noted that there is risks section within the ECP document which takes into consideration areas such as this.
- GG suggested that when the code changes are considered, rather than making a new definition for a CATO, it could be given the same classification as a TO or an OFTO, as they are all builders of assets. KM noted this point.
- RL thanked KM for the presentation. He stated that a lot of this parallels the Offshore Transmission Regime, which took a long time develop. RL advised that the right skills and experience should be dealing with this. He also questioned how it will be ensured that stakeholder and consumer interests are prioritised. KM responded that the organisational design work is being commissioned this year. Once this is done the consultants will advise the best structure to use. KM also assured attendees that the ESO is engaging with stakeholders and will be consulting on various elements. The ESO are proposing that Ofgem approve the methodology. RL highlighted risks of learning by doing. KM noted these concerns and advised attendees to raise concerns such as these in the Ofgem consultation.
- LW queried whether BEIS have made any public commitments. KM was not aware of any commitments but said that ESO are speaking with BEIS. KM stated that the Energy Act would need to change if Early Competition was to go ahead which is a long and complicated process.
- LW asked for an estimation of the length of time between starting tender and delivery. **ACTION** KM to confirm estimate of timescales.
- GG recalled some code change work that was done with Ofgem on CATO 4-5 years ago and suggested looking at what work had already been done.

## Net Zero Market Reform – Tim Gregory and Shona Watt, National Grid ESO

The Market Strategy team is leading on a project looking at long term market reform (2025 onwards) with recommendations to be published by the end of March 2022. The Market Strategy team will be working closely with BEIS and Ofgem, and will be engaging with stakeholders across the industry throughout ensuring all possible solutions are considered before being assessed and refined into a package of recommendations. TG and SW introduced what the project covers, before talking through the analysis framework, external engagement that the team have carried out, and the feedback they received from their 'Locational case for change' analysis workshop, before taking questions from attendees and explaining what future engagements they have in the pipeline.

Discussion themes / Feedback

- GG fed back that the presentation was very helpful. He stated that locational signals have been negative for ~30 years and have been paid to generators and that there is talk of removing that signal. He suggested that it would be good to understand practicalities of the locational signals and whether they will result in any meaningful outcomes. SW agreed that there is little point in theoretical locational signals if they can't be acted upon and noted this has been acknowledged in the Access SCR. She stated that ESO will take this consideration into account.
- GG stated that it would be useful to understand as a principle what parties the locational signals will apply to. SW responded that the ESO's NZMR project will include consideration of which parties should be exposed to the locational signals
- PMo, in response to GG's point, suggested that attempting to model how all the generation technologies will respond to signals should be avoided, and that cost reflectivity doesn't need to be perfect.
- LW checked whether the idea of not having signals is still for consideration. For example, reinforcing the transmission system where we want power stations to be. SW explained that the goal is to make an optimal market design, and that a possible solution might be to tolerate greater transmission and / or constraint costs if the savings in terms of generation costs to achieve net zero make that optimal overall.
- RL shared an observation that it would need to be understood what course of action should be taken if the signals don't lead to the expected outcomes. SW noted this concern.

**AOB**

- LW asked whether the CUSC Panel will be giving a Panel response to the Energy Code Governance consultation. JW responded that the Panel have made no plans to develop a response.
- RY updated that she is moving on to a new role in the England and Wales Connection Contracts Management team and that Alice McCormick will be the interim Revenue Manager in the ESO.

**Action Item Log**

**Action items: In progress and completed since last meeting**

ID	Month	Agenda Item	Description	Owner	Notes	Target Date	Status
21-5	Sept 21	Code Administrator Update	It was requested that the TCMF & CISG page be re-populated with historical TCMF meeting documents for a minimum of 5 years previous	AH		Oct 21	Open
21-6	Sept 21	TNUoS gen cap error margin calculation - 2021 result	Confirm whether station demand is included as eligible revenue	JZ		Oct 21	Open

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21-7	Sept 21	Early Competition Plan update	Share an estimate of the KM length of time between tender and delivery	Oct 21	Open
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