



Meeting 126

4 August 2022

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

nationalgridESO

Agenda

- | | | |
|---|--|---------------|
| 1 | Introduction, meeting objectives and review of previous actions Claire Huxley - NGESO | 10:30 - 10:35 |
| 2 | Code Administrator update Paul Mullen - Code Administrator NGESO | 10:35 - 10:45 |
| 3 | TNUoS Task Force update James Stone - NGESO | 10:45 - 11:00 |
| 4 | Connection Exclusion – Interim Guidance Joseph Henry - NGESO | 11:00 - 11:10 |
| 5 | Offshore Coordination Summer Workshops Dovydas Dyson - NGESO | 11:10 - 11:20 |
| 6 | Early Competition verbal update Alistair Grey, National Grid ESO | 11:20 - 11:25 |
| 7 | Charging Forum in October Nick George / Heather Stratford National Grid ESO | 11:25 - 11:30 |
| 8 | AOB and Meeting Close Claire Huxley- NGESO | 11:30 - 11:45 |

Review of previous actions

| ID | Month | Agenda Item | Description | Owner | Notes | Target Date | Status |
|-------|---------|------------------------------------|---|-----------------|--|-------------|--------|
| 22-3 | May 22 | AOB | Advise on the training sessions for 'TNUoS Transport & Tariff Model' | Matthew Wootton | In the process of pre-recording training material to publish on the website Smaller drop-in sessions will be offered soon. | June | Open |
| 22-4 | May 22 | BSUoS and TNUoS Declaration update | Feedback on declarations | Grahame Neale | | July | Open |
| 22-09 | July 22 | CMP330/374 Verbal update | Whether defects raised as modification proposal refer to certain CUSC sections? | Neil Dewar | We believe this was resolved during last month's TCMF meeting. Neil had taken away an action to clarify why the original legal text for 330/374 had been included in section 14 and the relevance for the WG discussions believing that it should sit within another section. Grahame Neale responded shortly afterwards to explain and clarify the reasons behind the rationale and to close action item. | August | Open |

Review of previous actions

| ID | Month | Agenda Item | Description | Owner | Notes | Target Date | Status |
|-------|---------|-------------|--|----------------|--|-------------|--------|
| 22-10 | July 22 | CMP390 | The legal certainty in the “National Security and Investment Act 2021” | Naomi De Silva | <ul style="list-style-type: none">• The judgement for the party is voluntary but carries the risk that if BEIS is concerned, they can call it in. If that happens, the ESO is in a situation where they may have offered and had a connection agreement accepted, which then can cause complications.• The intent is a voluntary submission would be made or BEIS gets an early heads up of an application so that any BEIS process can happen before an offer is made/accepted• The mod doesn't affect the scope of what BEIS can do. There is no expectation that large volumes of transactions will be called in. It is just intended to allow any issue to be identified early and support a more efficient connection offer process.• The consultation process is an opportunity to share concerns <p><u>National Security and Investment Act 2021: guidance for new build downstream gas and electricity assets</u></p> | August | Open |

Code Administrator update

Paul Mullen - Code Administrator



Authority Decisions Summary (as at 1 August 2022)

On 4 May 2021 (last updated 22 July 2022), 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 | What this seeks to achieve | Anticipated Decision Date |
|---------------|---|--|
| CMP292 | Introduces a cut-off date for changes to the Charging Methodologies | TBC in 2022 - Ofgem still consider this to be low priority. |
| CMP298 | Process for aggregated assessment of Distributed Generators that impact (or may impact) on the National Electricity Transmission System. | 30 November 2022 |
| CMP328 | Establish the process when any connection triggers a Distribution impact assessment. | 30 November 2022 - The Final Modification Report for the associated STC change (CM078) was issued to Ofgem on 7 June 2022. |
| CMP361/CMP362 | Introduce an ex-ante fixed volumetric BSUoS tariff set over a total fix and notice period of 14 months (CMP361) and introduce, and update required definitions into CUSC section 11 from CMP308 and CMP361 (CMP362) | TBC - impact assessment consultation ahead of this decision won't be issued in July 2022 as originally planned. This impact assessment consultation is planned to be issued by end of August 2022. |

Authority Decisions Summary (as at 1 August 2022)

| Modification | What this seeks to achieve | Anticipated Decision Date |
|---------------|---|---------------------------|
| CMP388 | Transmission Demand Residual (TDR) minor clarifications | 30 September 2022 |
| CMP389 | Changes related to Transmission Demand Residual (TDR) band boundaries | 30 September 2022 |
| CMP390 | Updating Connection application forms to enable disclosure of information to government for purposes of the National Security and Investment (NSI) Act 2021 | 3 February 2023 |

In Flight Modification Updates



Other key Modification Updates as of 1 August 2022

| Modification | What this does? | Latest |
|-------------------|--|---|
| CMP286/287 | Seeks increased notice of the Target Revenue (CMP286) and inputs (CMP287) used in the TNUoS Tariff Setting Process | Workgroup Report to be presented to September (rather than July 2022 Panel) |
| CMP288 | Explicit charging arrangements for customer delays and backfeeds iro transmission connections | Final Modification Report to be issued to Ofgem 10 August 2022 |
| CMP304 | Enable reforms to commercial Reactive Power services | Further discussions required between Proposer and ESO's Reactive Power team before timeline can be finalised. Expectation is that revised timeline will be presented to August 2022 Panel |
| CMP315/375 | Reviewing the calculation of the Expansion Constant & Expansion Factors. | Workgroup Report will be presented to September 2022 Panel. |
| CMP330/374 | Allowing new Transmission Connected parties to build Connection Assets | Workgroup Report will be presented to October 2022 Panel - revised timeline was agreed at July 2022 Panel. |

Other key Modification Updates as of 1 August 2022

| Modification | What this does? | Latest |
|-------------------|--|--|
| CMP363/364 | TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand (CMP363) and definition changes (CMP364) | Workgroup Report to be issued to Panel 3 August 2022. Expectation that Code Administrator Consultation will run from 15 August 2022 to 13 September 2022 |
| CMP379 | Determining TNUoS demand zones for transmission-connected demand at sites with multiple Distribution Network Operators | Workgroups commenced 22 July 2022 |
| CMP385 | Review of CUSC Section 15 (User Commitment) | Proposer to further develop CMP385 before presenting this and/or additional Modifications to a subsequent meeting of the CUSC Panel |
| CMP392 | TNUoS Methodology in accordance with the Limiting Regulation | Workgroups to commence on 9 August 2022 |
| CMP393 | Alter the definition of Annual Load Factor with respect to electricity storage, taking into account imports as well as exports. | Workgroups to commence on 2 September 2022 – same day as CMP394. |
| CMP394 | Exempt electricity storage assets in positive Transmission Network Use of System zones from payment of generation charges. | Workgroups to commence on 2 September 2022 – same day as CMP393. |

For updates on all “live” Modifications please visit our “Modification Tracker” [here](#)

2022 Dates

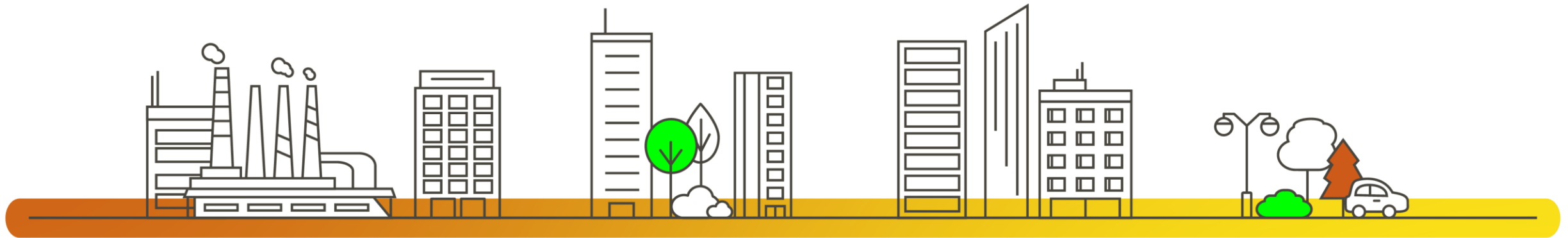


CUSC 2022 - Panel dates

| CUSC | (TCMF) CUSC Development Forum | Modification Submission Date | Papers Day | Panel Dates |
|-----------|-------------------------------|--|------------|---------------------------|
| January | 6 | 11 | 18 | 26 |
| February | 3 | 10 | 17 | 25 |
| March | 3 | 10 | 17 | 25 |
| April | 7 | 12 (Taking Bank holidays into account) | 21 | 29 (Face to Face Meeting) |
| May | 5 | 12 | 19 | 27 |
| June | 31/05 (2nd is bank holiday) | 9 | 16 | 24 |
| July | 7 | 14 | 21 | 29 (Face to Face Meeting) |
| August | 4 | 11 | 18 | 26 |
| September | 8 | 15 | 22 | 30 |
| October | 6 | 13 | 20 | 28 (Face to Face Meeting) |
| November | 3 | 10 | 17 | 25 |
| December | 24/11 | 1 | 8 | 16 |

Transmission Network Use of System Task Force Update

James Stone - NGENSO



Background

- In **October 2021**, Ofgem issued a Call for Evidence seeking industry views on the extent to which reform of TNUoS charges is needed, potential areas for reform, and the timescales that may be required - ***the general consensus was that a review of TNUoS would be beneficial.***
- In **February 2022**, Ofgem set out its thinking that the most appropriate way to take forward any wide review of electricity transmission charges would be via a TNUoS Task Force.
- The ESO was asked to lead and launch a Task Force to assess TNUoS charges and consider changes in the short to medium term - ***the aim being to improve their stability and cost reflectivity.***
- In **June 2022**, ESO opened applications for Task Force membership - ***applications were assessed and members were selected to bring together a group of people with a range of strengths and expertise and ensure balanced representation across different interests and roles within the industry.***

Work to date & Next Steps

- The first Task Force meeting was held in **July 2022** and focused on:
 - Setting the scene i.e. why the Task Force was created & ways of working
 - Understanding the scope of the Task Force work
 - Agreeing the underlying principles of TNUoS and;
 - Expectations in terms of industry engagement from members - how to actively communicate progress (i.e. directly or via forums such as the TCMF) and take a role in gathering feedback/input from their wider interest group and bringing this into the Task Force discussions
- Task Force meetings will take place fortnightly and over the next few sessions the aim is to:
 - Identify problems faced and shortlist key areas to tackle - agreeing how best to tackle these and;
 - Understand and agree an approach of how best to manage any current CUSC modifications that may have interactions with Task Force work

Further information

- Further information and Task Force meeting materials are located on the Charging Futures website, found here: [Charging Futures TNUoS Task Force - Resources Page](#).
- **Getting in touch:** if you have any questions about the Task Force, please don't hesitate to ask us. Contact details for Task Force members and Alternates as well as the Charging Futures Lead Secretariat - National Grid ESO can also be found on the above link.

Connection Exclusion – Interim Guidance

Joseph Henry - NGENSO



Connection Exclusion – Interim Guidance

- **What is the connection exclusion, and why may it require interim guidance?**
 - Average transmission charges should fall between €0-2.50/MWh in GB (EU regulation 838/2010).
 - Judicial Review appeal ongoing, CMP391 raised to define and CMP392 raised to codify process.
 - ESO proposed that guidance is published as an interim measure in line with Ofgem's decision to provide further clarity prior to the completion of CMP392.
- **What has changed?**
 - ESO have drafted interim guidance note
 - Judicial Review Appeal – to reconvene in September. Update was planned for July TCMF.
 - CMP392 – To commence in coming weeks
- **Why is this important?**
 - CMP392 raised as high priority to provide permanent solution
 - Appeal against decision of Judicial Review case still pending

Ask from TCMF: Do you have feedback?

Would it be useful for stakeholders to see interim guidance?

Offshore Coordination Summer Workshops

Dovydas Dyson - NGENSO



July - Charging Workshop

On Tuesday 26th July, we held another industry Charging workshop to share our views on the charging related code modifications outlined in the Recommendation Report.

- **Challenge 1a: Clarity in the methodology to confirm which offshore assets an offshore windfarm (OWF) should pay towards when sharing assets between multiple users.**

Workshop summary: Developing a set of charging principles should be a starting point. There should be more emphasis on price signals rather than focussing on cost recovery and consider whether the onshore methodology and principles can be applied offshore to main consistency.

- **Challenge 3: There is the potential for onshore generators to access the offshore circuit to transport energy to different points on the onshore network. Should onshore generator charges reflect their use of or access to the offshore network?**

Workshop summary: Option 1 – onshore generator's access or use of the offshore network should be reflective in their charges is preferred

- **Challenge 5: A review of the charges paid by an OWF directly connected to an offshore MITS node e.g. should they pay local charges?**

Workshop summary: Option 1 – applying the current methodology so the onshore generator only pays the wider tariff but this includes the cost of the offshore circuit the offshore generator is utilising is preferred

- **Challenge 7: Whether the payment arrangements between the initial and subsequent generator during the 18-month period in which the initial generator owns and operates the asset, as per the generator commissioning clause under the generator build delivery model, should be incorporated into the CUSC or under alternative agreements/arrangements?**

Workshop summary: Option 3 – high-level principles in CUSC (with the addition of the right to appeal process) and detailed payment arrangement in a separate agreement is preferred.

Challenge 8: A review of the wider tariff and the associated Transport and Tariff model, as there are elements that only reflect the onshore network e.g. the connectivity element between generation zones. This connectivity element comes into question if onshore generators are moving energy via the offshore circuit rather than through the generation zones.

Workshop summary: Option 3 is preferred, where there is an interim solution followed by a longer solution.

August Commercial and Technical Workshops

More workshops are being held throughout August:

- Tuesday 23rd August – User Commitment
- Wednesday 24th August – Grid Code and STC
- Thursday 25th August – SQSS
- Wednesday 31st August – Access Rights and Queue Management

If you have not registered your interest, please register your interest to the technical and commercial workshops here:

[Register Interest for Industry Code, Standard and Licence Recommendation Report Workshops \(office.com\)](#)

[Register Interest for NGENSO Offshore Coordination Technical Codes Engagement Workshops \(office.com\)](#)

If you have any questions, please email box.OffshoreCoord@nationalgridESO.com

Commercial Codes: User Commitment (UC)

- A separate code change to CMP385 will be needed to:
 - Introduce the concept of Anticipatory Investment (AI)
 - Extend out UC principles offshore
 - Add in consequential changes, e.g. to update OTSDUW.
- PT2030 could follow Early Opps where Ofgem proposes that UC only applies for a subsequent connecting generator and only for AI.
 - AI could be secured in full or with use of existing / updated UC arrangements.
- Arrangements could also be extended in full in respect of the HND.
- We will discuss pros and cons, gauge industry views and seek policy clarification before raising a code modification. We are holding a workshop on UC on **23rd August** – please register your interest [here](#).



Commercial Codes: Queue Management (QM)

- HND QM principles will be added to the broader QM code modification (CMP 376).
- All CMP 376 elements are expected to apply to the HND as well as additions focusing on (non exhaustive):
 - Whether to grant an exemption to QM impacts for 'G2' if delay is caused by 'G1'
 - Whether to grant an exemption to QM impacts for 'G1' if they incur a delay as a result of the OTSDUW
 - What QM arrangements are applicable to own works / shared OTSDUW works.
 - How the QM relationship between 'G1' and 'G2' will work in practice and associated interdependencies.
- We will discuss the above and gauge industry views before making changes. We are holding a workshop on **31st August** – please register your interest [here](#).



Commercial Codes: Access Rights (AR)

- Existing offshore arrangements will apply to the HND e.g.
 - The HND will be built to SQSS Section 7.
 - No offshore outage condition ('N-1') will curtail a generator to below 50% of their capacity.
 - No compensation will be payable for N-1 outages.
 - No change for onshore AR arrangements or any radial HND offshore arrangements.
- Change may be required in some cases in relation to any non-radial offshore transmission system e.g.
 - Do established queue based principles apply?
 - Is there a need for a (potentially more equitable) alternative?
- We will discuss the above and gauge industry views before making changes. We are holding a workshop on **31st August** – please register your interest [here](#).



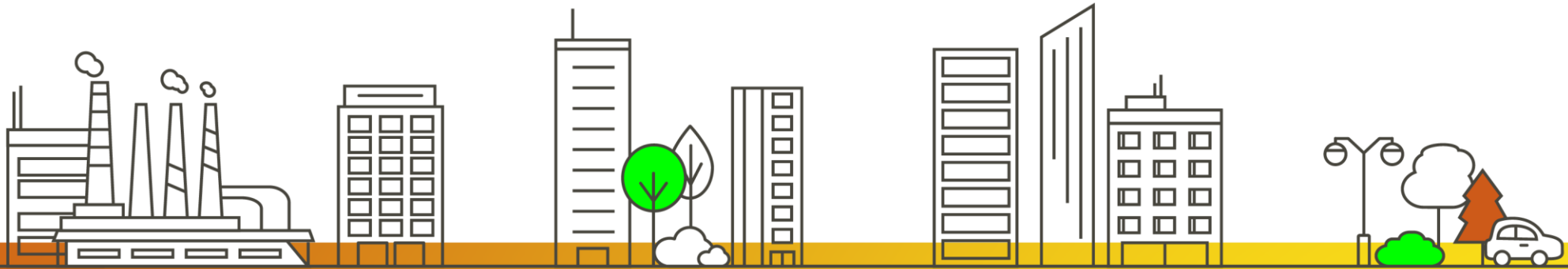
Early Competition verbal update

Alistair Grey - NGENSO



Charging Forum in October

Nick George / Heather Stratford - NGENSO



Charging Forum 2022

- Whole day's forum on all things charging related
- Agenda being prepared – opportunity to request topics via this [survey](#)
- Two options to attend:
 - Thu 13 October: In-Person in Warwick – [book here](#)
 - Wed 19 October: Online (MS Teams) – [book here](#)
- Reminder that you can sign up to [join our mailing list](#) for charging communications

Draft Topics to cover:

- TNUoS - tariffs and billing
- BSUoS - forecasting, reporting and billing
- BSUoS tariff setting (new methodology April 2023)
- Connection charging
- Various workshops including:
 - BSUoS Tariff Setting
 - TNUoS Demand Forecasting
 - Reconciling BSUoS and TNUoS charges
 - Code Development Updates

AOB & Close

