CMP331

18 October 2022

Online Meeting via Teams

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WELCOME
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Action Log Review

Action Number	Action	Owner	Comments	Due by	Status
1	Provide analysis to show how the difference in TNUoS will be recovered from other transmission connected generation.	Andy	See Tab called '**Impact on Generation TNUoS'** Please see my email	18 October 2022	Open
2	Provide real examples to show the cost reduction within the first three years and how significant the impact will be, compared to the current methodology.	Andy	See tab for '**Onshore Windfarm Example'** Please see my email	18 October 2022	Open
3	Check if this is covered by an existing dispute resolution process within the CUSC or if a new process needs to be created.	Rein	Update will be provided at the meeting	18 October 2022	Open
4	Update analysis to included up to date min/max values (2020/23) and add in actual generic values rather than zeros.	Andy	Please see my email	18 October 2022	Open

Action Log Review

Action Number	Action	Owner	Comments	Due by	Status
5	Share examples of redacted version of the independent assessments with the Workgroup.	Andy	Still trying to obtain a redacted version of a report to share with the Workgroup. This will be provided later.	18 October 2022	Open
6	Summarise CMP213 in a few slides, so this can be discussed at the next workgroup.	Andy	See Slides 6- 8	18 October 2022	Open
7	Do a separate case study on generic ALFs by region and look at the impact on Generators who sit very far from the generic load factors.	Rein	Update will be provided at the meeting	18 October 2022	Open

CMP213 Impact/Decision

Andy Pace

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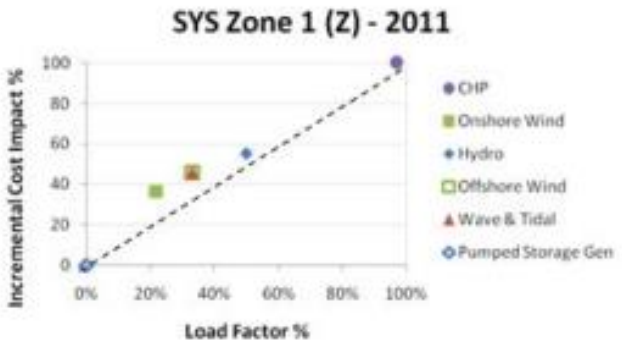
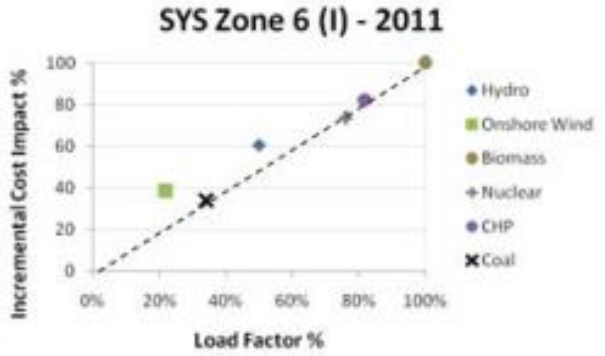
CMP 213 – Project TransmiT TNUoS Developments

- CMP 213 amended the TNUoS charging methodology to recognise that the impact on incremental transmission network cost varies for generators with different characteristics as well as location (June 2013)

"*In order to enhance the existing distance related signal and differentiate between the incremental impact of generation with different characteristics in a simple and transparent manner, the Year Round element of the TNUoS tariff would be multiplied by a sharing factor based on the specific annual load factor (ALF) of each generator. This approach recognises that there are many generation characteristics that have an effect on incremental costs (e.g. fuel price, efficiency, availability, CO2, subsidies, bid price, offer price, etc.), but opts for a simple proxy in the form of annual load factor which is taken as a representative manifestation of all these characteristics.*"

Modelling work undertaken to see if ALF is a good proxy for network investment





Energy Potential

CMP 213 – Project TransmiT TNUoS Developments

- Options considered

a) This factor should be based on an average of five years of historic metered data (with the highest and lowest factors removed) for each Power Station

b) A more generic factor should be employed as reasonably reflective of transmission network planning assumptions and as a simple, predictable and transparent approach

c) The potential for enhanced cost reflectivity from a more dynamic, potentially forecast factor, would outweigh the benefits of simplicity, predictability and transparency.

Site specific ALFs approved

- ALF introduces a variable cost of generation
- As ALF is lagged, some WG members felt it was difficulty to accurately price this variable cost
- These WG members thought the solution to overcome this was to use a generic ALF.
- Generic ALF dismissed as less cost reflective

Energy Potential

CMP 213 – ALF Hybrid Approach

- Potential WACM developed
  - allow each generator to decide (on an annual basis; possibly with a year and 5 days notice or the November prior to the start of the charging year in April) whether to accept National Grid's ALF figure for its Power Station
  - .. or whether to submit its own forecast of the power station's ALF for the next charging year.
- Benefit of more cost reflective
- Complex

Ofgem decision – progress WACM 2 which used site specific ALFs. Where data does not exist to determine ALF, then generic data will be used

Potential WACM

1) National Grid will calculate the ALF for each individual Power Station connected to the transmission system on the basis of the average of the last 5 years (for renewable generation) or the average of last 2 years (non-renewable generation[8]) by 30 September in each charging year (t-1).
2) Each Power Station will then have the option to submit their own forecast ALF by 31 October each charging year (t-1) where they anticipate their ALF in the next charging year (t) will be materially different from National Grid's figure provided under (1) above. National Grid will use this forecast provided by the Power Station in calculating TNUoS tariffs to apply in the next charging year (t).
3) At the end of the charging year (t), National Grid will calculate the actual ALF for each individual Power Station connected to the transmission system by 31st May (t+1), which would then be compared to the power station's forecast under (2) above (where submitted).
4) Where the difference between the Power Station's actual ALF and forecast ALF is less than 2% (tolerance band) no further action will be taken by National Grid.
5) Where the Power Station's actual ALF exceeds the Power Station's forecast ALF by more than 2%, the excess above 2% will be charged at 1.5 times that Power Station's applicable TNUoS charge in the charging year (t).
6) Reconciliation payments (calculated according to (3) –(5) above) will fall due for payment, by the Power Station, 30 Working Days after the date of invoice by National Grid

Energy Potential

Updated Analysis on 2022/23 values

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New Analysis to show Impact on Generation TNUoS

Andy Pace

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Terms of Reference

All

CMP331– Terms of Reference (Review and Agree)

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications	
b) Consider if any annual reconciliation process might be appropriate for cost reflectivity purposes if the outturn is more than the forecast (and if so should this be capped by the generic load factor?)	
c) Consider who should commission (and at whose expense) the independent third party review of the forecast to be used.	
d) Consider if there should be any obligations on the User to be fully open and transparent with the independent third party and the ESO where a suitable site-specific ALF is available.	
e) Consider what needs to be contained in the report produced by the independent third party (recognising that it needs to be of sufficient status for the ESO to act upon).	
f) Consider the history associated with Annual Load Factors discussed within CMP213.	
g) Consider whether or not this proposed process only applies to new generators or could existing generators retrofitting new plant be eligible.	
h) Distribution Impact Analysis	

Review Timeline

Sally Musaka – National Grid ESO Code Administrator

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CMP331 Proposed Timeline as at 27 July 2022

Milestone	Date	Milestone	Date
Modification presented to Panel	31 August 2019	Workgroup report presented to Panel	26 January 2023
Workgroup Nominations (15 Working days)	04 July to 25 July 2022	Code Administrator Consultation (15 working days)	02 February 2023 to 23 February 2023
CMP331 Workgroup 1 (re-education of proposal) and solution (what has changed-updated analysis), agree timeline and review Terms of Reference	22 September 2022	Draft Final Modification Report (DFMR) issued to Panel	23 March 2023
CMP331 Workgroups 2 and 3 **(review updated/new analysis**, **agree ToR**, finalise solution to be consulted on, flesh out impacts, review legal text, agree alternatives and agree Workgroup Consultation questions)	18 October 2022 and 09 November 2022	Panel undertake DFMR recommendation vote	31 March 2023
CMP331 Workgroup Consultation (15 working days)	17 November 2022 to 08 December 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	4 April 2023
CMP331 Workgroup 4 – Assess Workgroup Consultation responses and agree next steps	19 December 2022	Final Modification Report issued to Ofgem	14 April 2023
CMP331 Workgroup 5 – finalise solutions, review Workgroup Report, terms of reference, hold Workgroup Vote	09 January 2023	Implementation Date	01 April 2024
CMP331- Workgroup Report issued to Panel	19 January 2023		

Next Steps

Sally Musaka– National Grid ESO Code Administrator

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