



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

Meeting 130 - 05 January 2023

Agenda

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|---|--|---------------|
| 1 | Introduction, meeting objectives and review of previous actions Claire Huxley - ESO | 10:30 - 10:35 |
| 2 | Code Administrator update Paul Mullen - Code Administrator ESO | 10:35 - 10:40 |
| 3 | Fixed BSUoS update Alice Taylor / Naomi De Silva - ESO | 10:40 - 10:50 |
| 4 | BSUoS Fixed Tariff Publication Nick Everitt - ESO | 10:50 - 11:00 |
| 5 | TNUoS Tariff Timetable for 2023/24 Nick Everitt - ESO | 11:00 - 11:10 |
| 6 | OTNR update Nitin Prajapati - ESO | 11:10 - 11:20 |
| 7 | GB Connections Reform Laura Henry - ESO | 11:20 - 11:30 |
| 8 | AOB and Meeting Close Claire Huxley - ESO | 11:30 - 11:45 |
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Review of previous actions

ID	Month	Agenda Item	Description	Owner	Notes	Target Date	Status
22-13	Oct 22		To reach out to Ofgem for update on timescales for Code reform headline.	Claire Huxley	In progress	Jan	Open
22-14	Nov 22		ESO to advise of timescales on wider Reactive Power updates	Claire Huxley		Jan	Open

Code Administrator update

Paul Mullen – Code Administrator ESO

Authority Decisions since last TCMF (as of 4 January 2023)

Modification	What this seeks to achieve	Decision
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)	Decision to approve CMP361 WACM3 and CMP362 WACM3 received 15 December 2022. To be implemented 1 April 2023.
CMP363/CMP364	TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand (CMP363) and definition changes (CMP364)	Decision to approve CMP363 WACM1 and CMP364 Original received 13 December 2022. To be implemented 1 April 2023.
CMP388	Transmission Demand Residual (TDR) minor clarifications	Decision to approve CMP388 received 15 December 2022. To be implemented 1 April 2023.
CMP389	Changes related to Transmission Demand Residual (TDR) band boundaries	Decision to approve CMP389 received 15 December 2022. To be implemented 1 April 2023.
CMP390	Updating Connection application forms to enable disclosure of information to government for purposes of the National Security and Investment (NSI) Act 2021	Decision to approve CMP390 received 13 December 2022. Implemented 29 December 2022.

Authority Decisions Summary (as at 4 January 2023)

On 4 May 2021 (last updated 24 November 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	Expected Decision Date
CMP286/CMP287	Seeks increased notice of the Target Revenue (CMP286) and inputs (CMP287) used in the TNUoS Tariff Setting Process	Final Modification Report received 7 December 2022. Expected decision date ~ end September 2023
CMP288	Explicit charging arrangements for customer delays and backfeeds iro transmission connections	Expected decision date was 14 December 2022 but now ~ 31 January 2023
CMP292	Introduces a cut-off date for changes to the Charging Methodologies	31 October 2023
CMP298	Process for aggregated assessment of Distributed Generators that impact (or may impact) on the National Electricity Transmission System.	31 January 2023
CMP328	Establish the process when any connection triggers a Distribution impact assessment.	31 January 2023
CMP384	Apply adjustments for inflation to manifest error thresholds using Indexation	31 January 2023

Other key Modification Updates as of 4 January 2023

Modification	What this does?	Latest
CMP315/ CMP375	Reviewing the calculation of the Expansion Constant & Expansion Factors.	Workgroup Report was planned to be presented to January 2023 Panel. However at the Workgroup on 5 December 2022 (at which the solutions to be taken forward were agreed), the Workgroup agreed that the analysis on the impact of the solutions on TNUoS tariffs needs to be completed ahead of the Workgroup concluding. This will mean a delay to when the Workgroup Report is presented to Panel with the extent of this delay to be confirmed over the coming weeks.
CMP316 and CMP397	TNUoS Charging Methodology for Co-located Generation (CMP316) and Consequential changes required to CUSC Exhibits B and D to reflect CMP316 (CMP397)	Legal text for CMP316 WACM1 does not reflect the intent of CMP316 WACM1. Workgroup to be reformed (at November 2022 Panel request) to review and updated and then a 2nd Code Administrator Consultation (full 15 Working Days given the extent of the Legal Text changes) will be issued specifically on the updates to CMP316 WACM1. Following conclusion of the 2nd Code Administrator, the Draft Final Modification Report will be re-presented to Panel for their recommendation vote. Given its interaction with CMP316, the CMP397 recommendation vote will also be delayed to when the CMP316 Draft Final Modification Report is re-presented to Panel.
CMP331	Option for new generators to replace generic Annual Load Factors (ALFs) with site specific ALFs	Workgroup Consultation issued 12 December 2022 and will close 5pm on 11 January 2023.
CMP344	Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology	2 nd Code Administrator Consultation was issued on 16 December 2022 and will close 5pm on 17 January 2023.

Other key Modification Updates as of 4 January 2023

Modification	What this does?	Latest
CMP376	Inclusion of Queue Management process within the CUSC	Workgroup Consultation closed 5pm on 23 December 2022 with 30 non-confidential responses and 3 confidential responses received. Next Workgroup is on 9 January 2023.
CMP379	Determining TNUoS demand zones for transmission-connected demand at sites with multiple Distribution Network Operators	Code Administrator Consultation was published on 4 January 2023 and will close 5pm on 1 February 2023.
CMP392	TNUoS Methodology in accordance with the Limiting Regulation	Next Workgroup now to be 13 January 2023, which means Workgroup Report will not be presented to March 2023 Panel.
CMP393	Alter the definition of Annual Load Factor with respect to electricity storage, taking into account imports as well as exports.	Next Workgroup 7 February 2023 - intention is that CMP393 and CMP405 will be run in parallel on same day after CMP405 kick off meeting on 13 January 2023.
CMP394	Exempt electricity storage assets in positive Transmission Network Use of System zones from payment of generation charges.	To be withdrawn at January 2023 Panel.
CMP396	Re-introduction Of BSUoS on Interconnector Lead Parties	Workgroup met 24 November 2022 to agree questions to be asked of the independent legal firm. These have now been agreed by the Workgroup and issued to the independent legal firm on 2 December 2022. Response timelines to be confirmed.
CMP398	GC0156 Cost Recovery mechanism for CUSC Parties	Workgroup Consultation was opened on 3 January 2023 and will close 5pm on 24 January 2023.

Other key Modification Updates as of 4 January 2023

Modification	What this does?	Latest
CMP399 and CMP400	Minor amendments to CUSC Section 14 (CMP399) and CUSC Non-Section 14 (CMP400)	Self-Governance Appeals Window will run from 6 January 2023 to 5pm on 27 January 2023. If no appeals are received within this window, CMP399 will be implemented 1 April 2023 and CMP400 will be implemented 3 February 2023.
CMP401	Maintaining Non Half Hourly (NHH) charging arrangements for Measurement Classes F and G	Final Modification Report to be issued to Ofgem 6 January 2023 requesting Ofgem decision on or before 24 January 2023.
CMP402	Introduction of Anticipatory Investment (AI) principles within the User Commitment Arrangements	1st Workgroup is scheduled for 23 January 2023.
CMP403 and CMP404	Introducing Competitively Appointed Transmission Owners & Transmission Service Providers (CMP403 - Section 14, CMP404 – Section 11)	The timing of the Code Administrator Consultation is yet to be confirmed and we await further input from the Proposer on this before we can determine the most optimum time to run the Code Administrator Consultation.
CMP405	TNUoS Locational Demand Signals for Storage	1st Workgroup is scheduled for 13 January 2023.

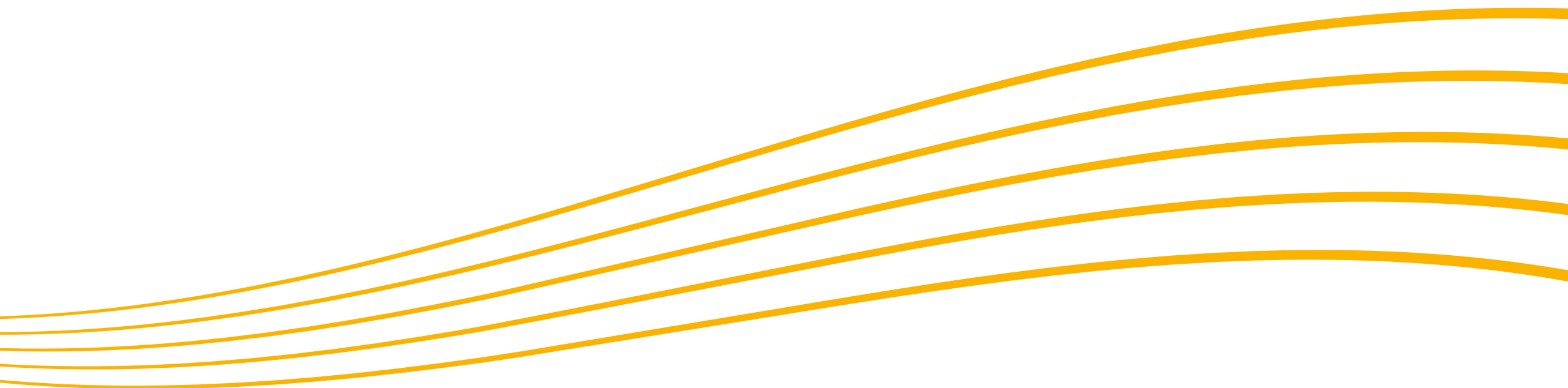
For updates on all “live” Modifications please visit our “Modification Tracker” [here](#)

CUSC 2023 - Panel dates

CUSC	Panel Dates	Papers Day	Modification Submission Date	(TCMF) CUSC Development Forum
January	27 (Face to Face Meeting)	19	12	5
February	24	16	9	2
March	31	23	16	9
April	28 (Face to Face Meeting)	20	13	6
May	26	18	11	4
June	30	22	15	8
July	28 (Face to Face Meeting)	20	13	6
August	25	17	10	3
September	29	21	14	7
October	27 (Face to Face Meeting)	19	12	5
November	24	16	9	2
December	15	7	30/11	23/11

Fixed BSUoS update

Alice Taylor / Naomi De Silva - ESO



Background

What's happened so far:

Ofgem have approved CMP361/362 WACM 3, which includes:

- 9 month notice period of the tariff
- 6 month fix period for the tariff
- No BSUoS Industry Fund
- Following this approval, Ofgem have stated as per their minded-to decision, that they believe:
- *“3-month Notice Period strikes the appropriate balance between providing Suppliers with sufficient advance notice of charges, and mitigating the risk of inaccuracy in a forecast set in advance of the timeframe to which it relates.”*

First next steps:

- The ESO is raising a modification to amend the notice period to 3-months.
- Prior to this decision from Ofgem, we have engaged with industry via a TCMF sub-group and so we would look to go straight to Code Administrator Consultation (CAC), rather than workgroup.

The Ask

We would value your input on two aspects of the modification:

- **What is your view on this being an urgent modification?**
 - ESO's opinion – the modification does not need to be raised as urgent
- **Are you happy for this to go to CAC rather than go to workgroup?**
 - ESO's opinion – due to prior engagement with industry we feel this does not need to go to workgroup. By going straight to CAC it still allows consultation and allows Panel the option to send it to workgroup if necessary.

For any comments/feedback, please contact BSUoS.queries@nationalgrideso.com

Proposed Future Work

3 month notice period mod

- As per previous slides, bring notice period in line with industry expectation over the last several months
- Strike the appropriate balance between providing suppliers with sufficient notice and mitigating risk of inaccuracy in a forecast set further in advance
- Proposed route is CAC; Panel always have the option to send to workgroup...

Investigate enduring fund and P level solution – potential further mods

- Assess the benefits of various probability (P levels) for the creation of an industry fund, including the interactions between the P level at which the fund is set, the fixed tariff period, the notice period, and the risk of tariff reset
- Assess implications for the size of the fund and cost to consumers
- Consider future mechanisms for return of potential excess industry fund monies

Clean up mods to align legal text after CMP308 and fixed BSUoS mods

- Tidy up of legal text in CUSC sections 3 and 14, definitions and guidance
- Not essential for implementing fixed BSUoS

BSUoS Fixed Tariff Publication

Nick Everitt - ESO



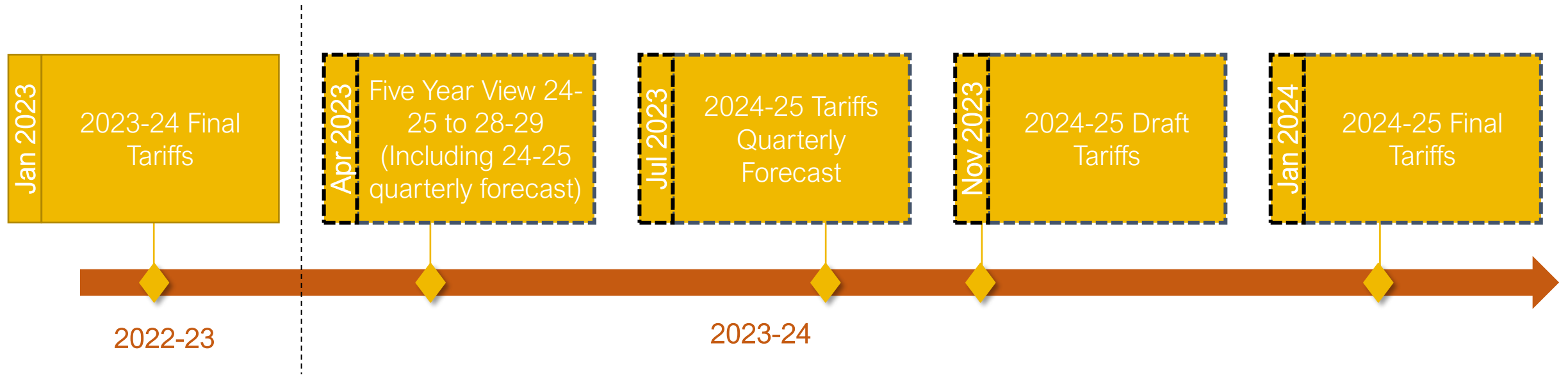
BSUoS Fixed Tariff

- Ofgem decision on the 15th December 2022
- Implementation on 1st April 2023
- WACM3 - 9 months notice, 6 months fixed, no fund
- Revised BSUoS forecast by middle of January 2023
- BSUoS final tariff by end of January 2023
- 2 x 6 month tariffs to run from 1st April 2023 to 31st March 2024
- Working with our billing system integration team to implement a solution that will be ready for April 2023 go live
- Report specifications for our changed reports will be made available as soon as we have specified them.
- New methodology goes live 1st April 2023
- New system development and integration post go live
- Changeover from existing to new system date tbc

TNUoS Tariff Timetable for 2023/24

Nick Everitt - ESO

TNUoS Tariff Timetable (Draft)



- Final tariffs for 2023/24 which will be published in January 2023 and will apply from April 2023.
- The TNUoS forecast timetable for 2024/25 will be published end of January 2023
- Draft above includes two changes from last year
- Five Year View moved to April
- Quarterly Forecast moved back to July

OTNR update

Nitin Prajapati - ESO

OTNR Codes and Standards Sub-Group Update

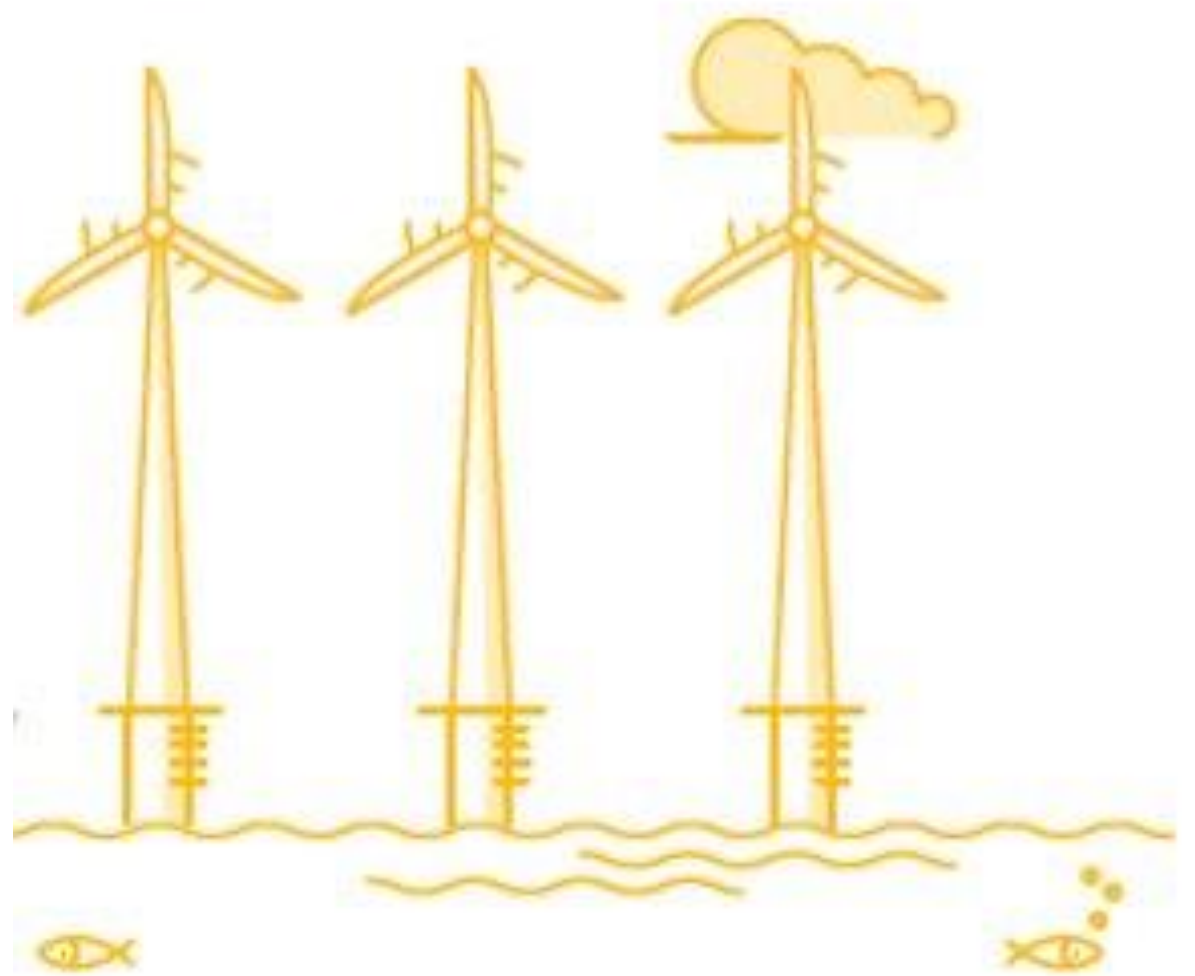
- During 2022 the ESO hosted monthly OTNR Codes and Standards Sub-Group meetings to highlight the changes required to facilitate offshore coordination.
- Following industry feedback, the ESO have looked to refresh the purpose and structure of the group to ensure that it can effectively:
 - engage with and receive input from the industry
 - discuss methodology changes with industry experts related to OTNR before they are formally proposed via the standard industry governance process.
- Therefore, from January 2023 these meetings will re-purposed as the **Offshore Coordination Code Modification Sub-Group**.
- The overall purpose of the group will be to consider, discuss and provide input into developing methodology changes to support the ESO in creating a set of draft code modifications to facilitate offshore coordination.
- The Sub-Group will focus on developing changes to the Transmission Network Use of System (TNUoS) charging methodology within Section 14 of the Connection and Use of System Code (CUSC) related to the OTNR.
- It will also consider any required technical changes to the methodology associated with the Security and Quality of Supply Standard (SQSS), the Grid Code and System Operator Transmission Owner Code (STC) for OTNR.

How to get involved in the new Sub-Group

- Standing members will have the opportunity to input into, and shape code modifications and be part of the group that develop strategic modifications for OTNR.
- The group will also be expected to:
 - be committed to making improvements to transmission network charging, SQSS, Grid Code and the STC to facilitate offshore coordination and deliver benefits to consumers;
 - be available to attend meetings when required;
 - be able to work collaboratively with other group members that may have different views and seek to find consensus, where possible; and
 - if required, actively contribute towards the work of the group outside of group meetings.
- We estimate participation will require attendance to Sub-Group meetings held every three weeks commencing mid-late January 2023.
- ***If you are interested and able to meet the commitments of the Sub-Group, please complete our [application form](#) by 5pm on 10th January.***
- Once we have assessed applications and finalised the Sub-Group membership, we will get in touch with the successful applicants to confirm any accessibility needs.
 - Unsuccessful applicants will be contacted to confirm the alternative ways they can play a role in this work.

Thank you!

Any questions?

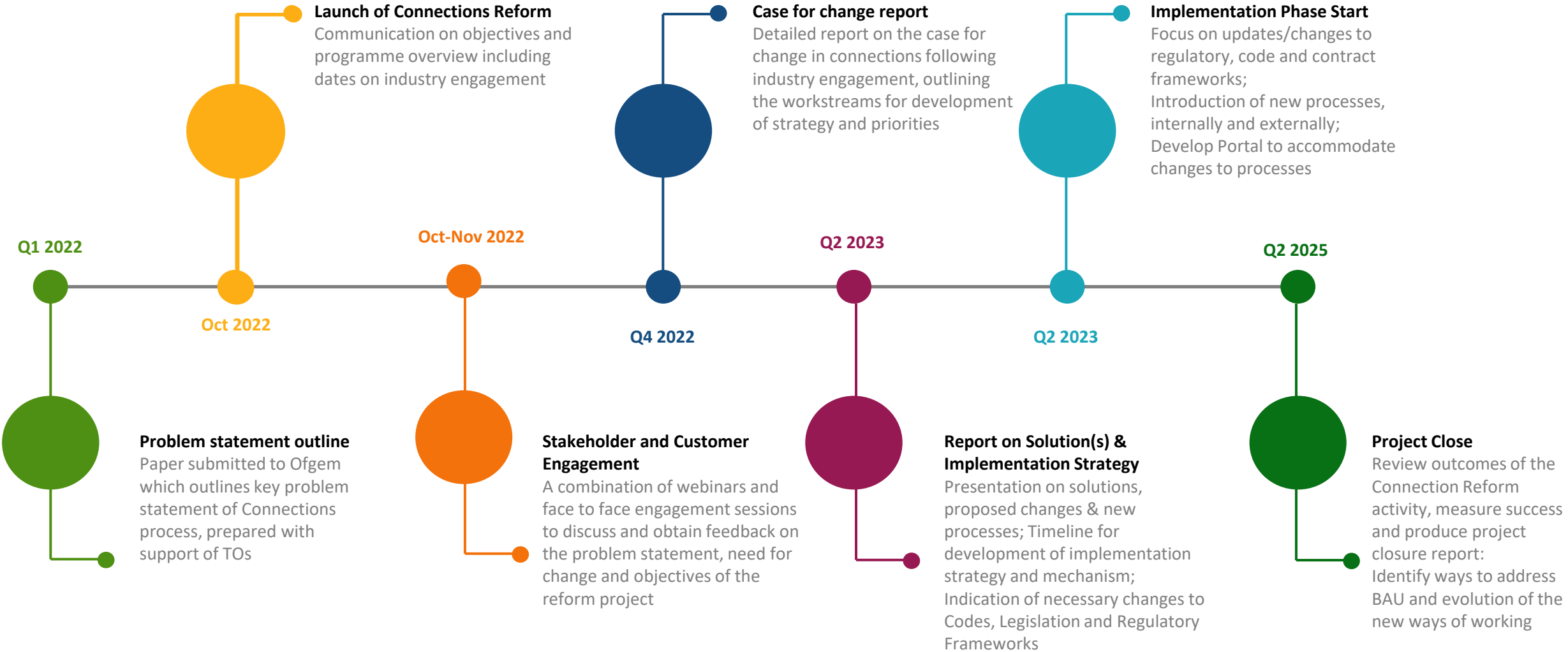


GB Connections Reform

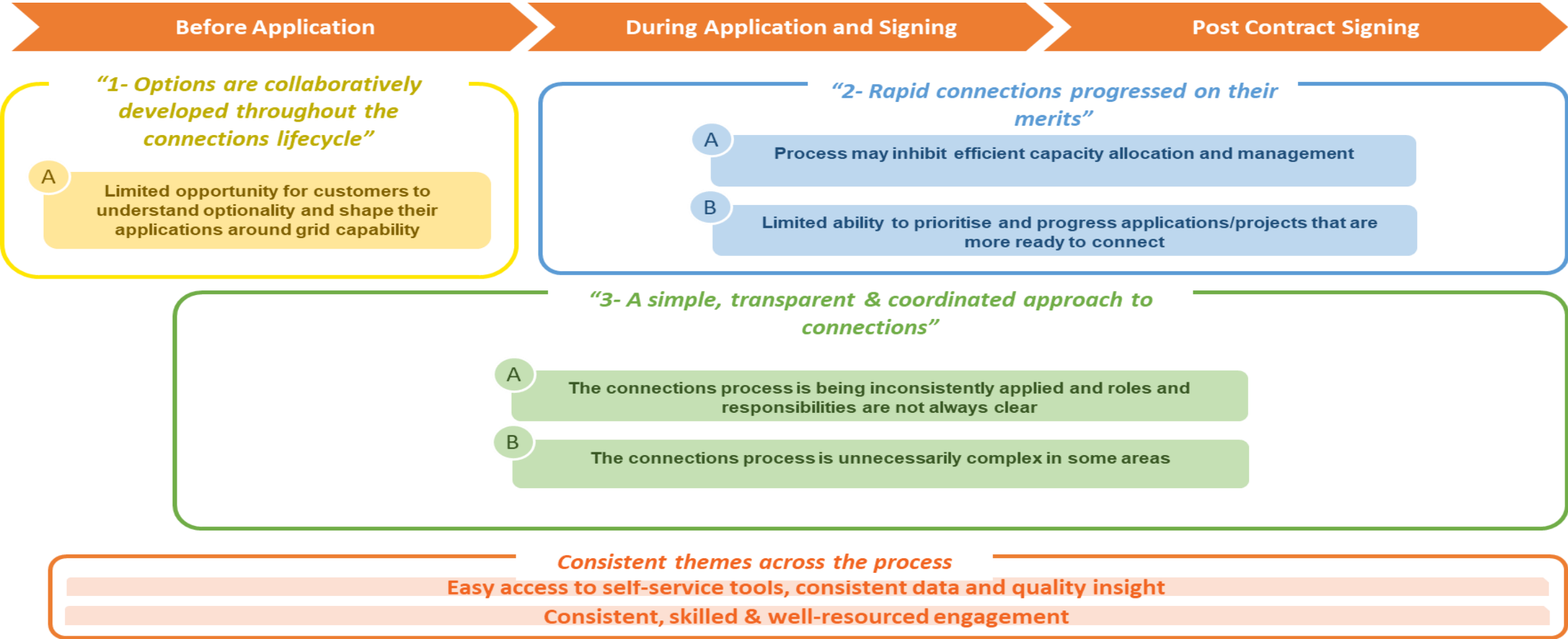
Laura Henry - ESO



Timeline for Connections Reform



Case for Change- Phase one output



AOB & Close