Transmission Charging Methodologies Forum and CUSC Issues Steering Group

Meeting 132 - 09 March 2023

ESO

Agenda

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 - 10:45
3	GB Connections Reform **Mike Oxenham - ESO**	10:45 - 10:55
4	TNUoS Task Force verbal update **James Stone - ESO**	10:55 - 11:00
5	Update on the fixed Generation TNUoS tariff modification proposal **Binoy Dharsi - EDF Energy**	11:00 - 11:20
6	CMP389 Publication of Bands and TNUoS 5 Year View Sensitivities **Nick Everitt - ESO**	11:20 - 11:40
7	STAR Billing System verbal update **Nick George - ESO**	11:40 - 11:50
8	AOB and Meeting Close **Claire Huxley - ESO**	11:50 - 12:05

TCMF Objective and Expectations

Objective
Develop ideas, understand impacts to industry and modification content discussion, related to the Charging and Connection matters.
Anyone can bring an agenda item (not just the ESO!)

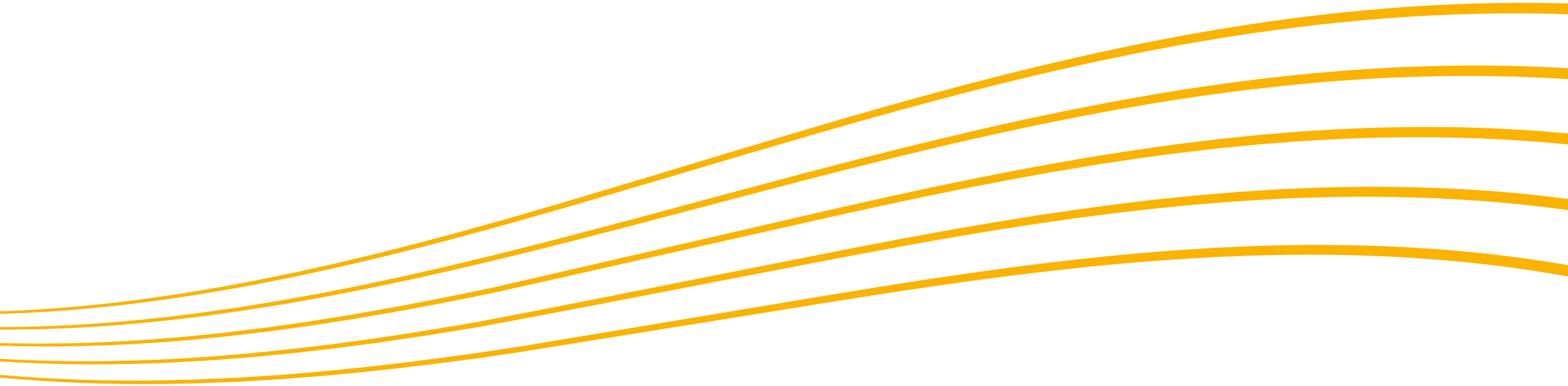
Expectations
Be respectful of each other's opinions and polite when providing feedback and asking questions
Contribute to the discussion
Language and Conduct to be consistent with the values of equality and diversity
Keep to agreed scope

Review of previous actions

ID	Month	Agenda Item	Description	Owner	Notes	Target Date	Status
23-01	Jan 23		ESO to look at the introduction of a “CUSC Modification Issues Log”	Claire Huxley		Feb	Open

Code Administrator update

Paul Mullen – Code Administrator ESO



Key Updates since last TCMF

New Modifications

- **CMP410** (Payment Timescales for Monthly Payments) - Code Administrator Consultation was opened on 28 February 2023 and will run until 5pm on 21 March 2023
- **CMP411** (Introduction of Anticipatory Investment within Section 14) – Medium High priority; 1st Workgroup 3 April 2023 - Workgroup Nominations open until 5pm on 20 March 2023
- **CMP412** (CMP398 Consequential Charging Modification) - Code Administrator Consultation will be run at the same time as CMP398 (currently scheduled to run from 4 April 2023 to 5pm on 5 May 2023)

Decisions

- **CMP328** (Connections Triggering Distribution Impact Assessment) – Authority send-back 14 February 2023; Next steps agreed at Panel 24 February 2023 (Workgroup being re-convened).
- **CMP288** (Charging arrangements for customer delays and backfeeds) and **CMP298** (Transmission Impact Assessment) expected 13 March 2023

Key Updates since last TCMF

Current Consultations

- **CMP410** (Payment Timescales for Monthly Payments) - Code Administrator Consultation to run until 5pm on 21 March 2023

Other

- **CMP315/CMP375** (Expansion Constant) – 2 Workgroups left (5 April 2023 and 2 May 2023)
- **CMP376** (Queue Management) – Workgroup Report to be presented to March 2023 Panel
- **CMP379** (Determining TNUoS demand zones for transmission-connected demand at sites with multiple DNOs) – Final Modification Report to be sent to Ofgem 8 February 2023
- **CMP398** (GC0156 Cost Recovery mechanism for CUSC Parties) - Workgroup Report to be presented to March 2023 Panel
- **CMP408** (Allowing consideration of a different notice period for BSUoS tariff settings) – 1st Workgroup 16 March 2023

ESO Code Administrator Stakeholder Check in March 2023

Hello,

As the Code Administrator for the Connection and Use of System Code (CUSC), Grid Code and System Operator Transmission Owner Code (STC) we want to make sure we are providing the best experience to our stakeholders as we can.

Given that Energy Code Reform is of significant interest to all our stakeholders we want to understand how we can better meet the expectations of our customers in our current role.

To support this we have created a brief 8 question survey, which should take no longer than 10 minutes to complete, to help us focus on areas which will be of most value to our stakeholders.

The survey will close at **5:00pm** on **17 March 2023.**

ESO Code Administrator Stakeholder Check in March 2023 (office.com)

Useful Links

For updates on all “live” Modifications please visit our “Modification Tracker” here

Ofgem’s expected decision date / date they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision is here

For summary of key decisions at latest Panel please click here

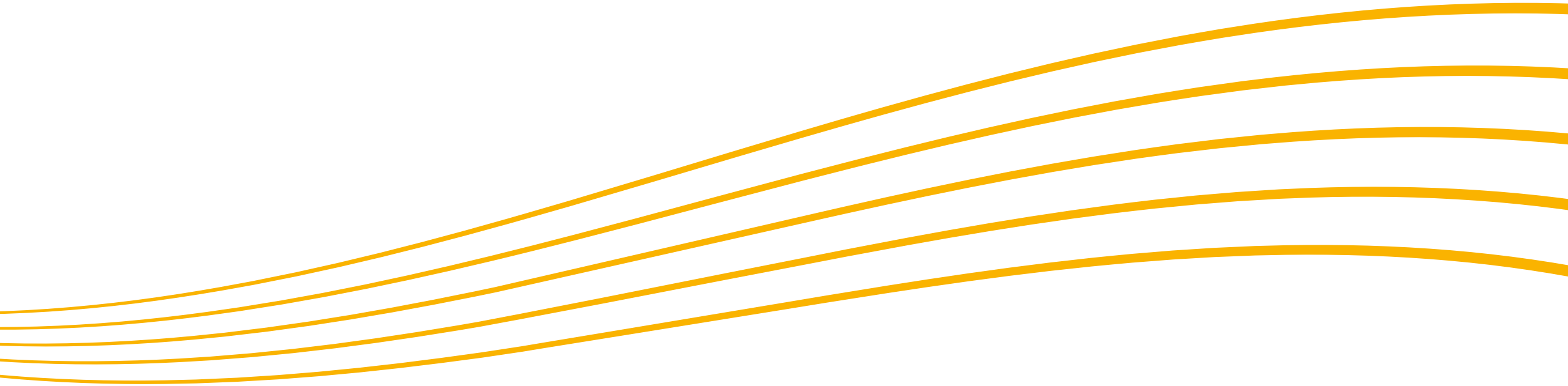
For current prioritisation stack please click here

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

GB Connections Reform

Mike Oxenham - ESO



Connections Reform Phase 2

TCMF Update

March 2023

ESO

Project Overview

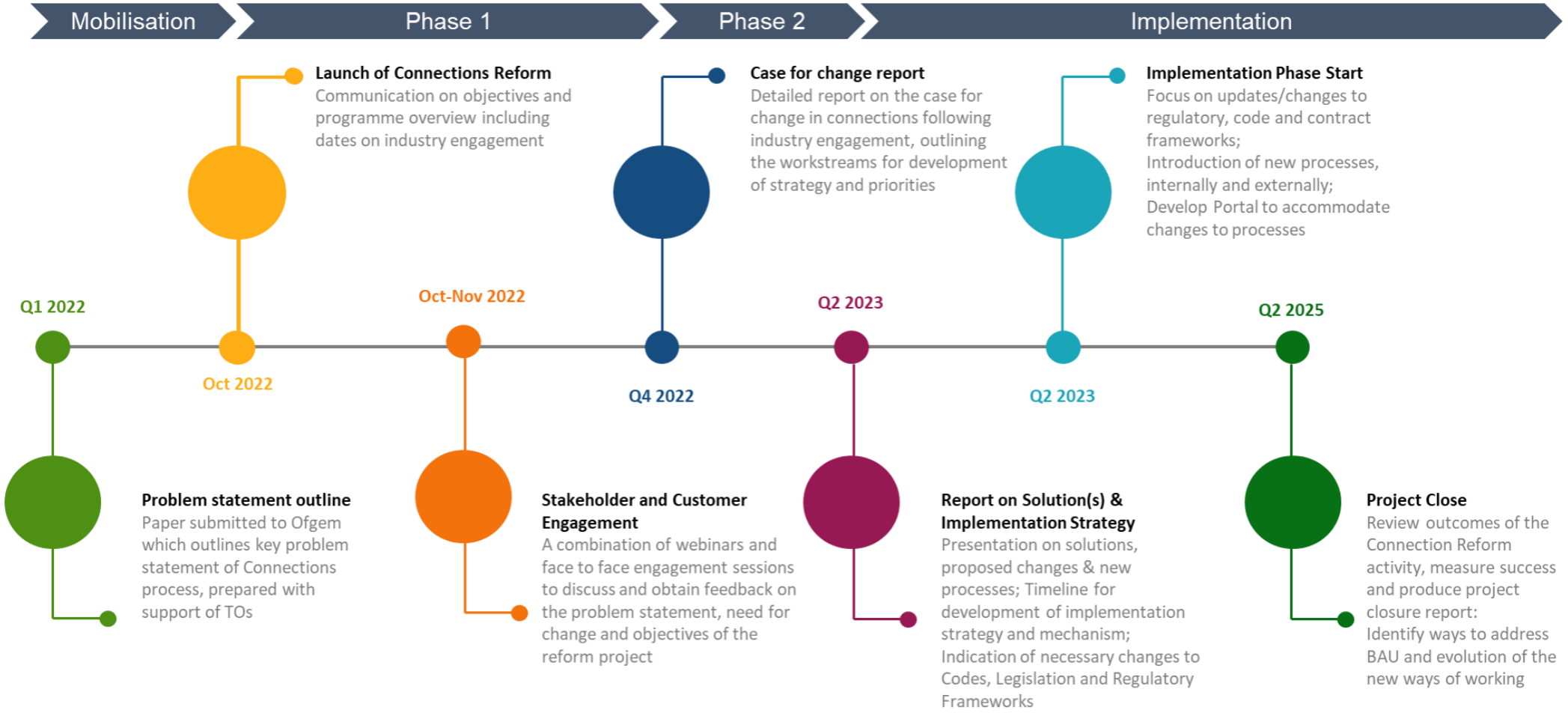
There is consensus across the industry that the current connections process is no longer fit for purpose. The main challenges previously highlighted are:

- increasing application volumes and increases to connection timescales
- many new types of connection customer
- significant changes to the mix of technologies
- greater interaction between Transmission and Distribution networks
- greater complexity and uncertainty over network investment planning
- an urgent need for holistic, whole systems network investment planning

We have launched the GB Connections Reform project to fully understand and comprehensively address these challenges.

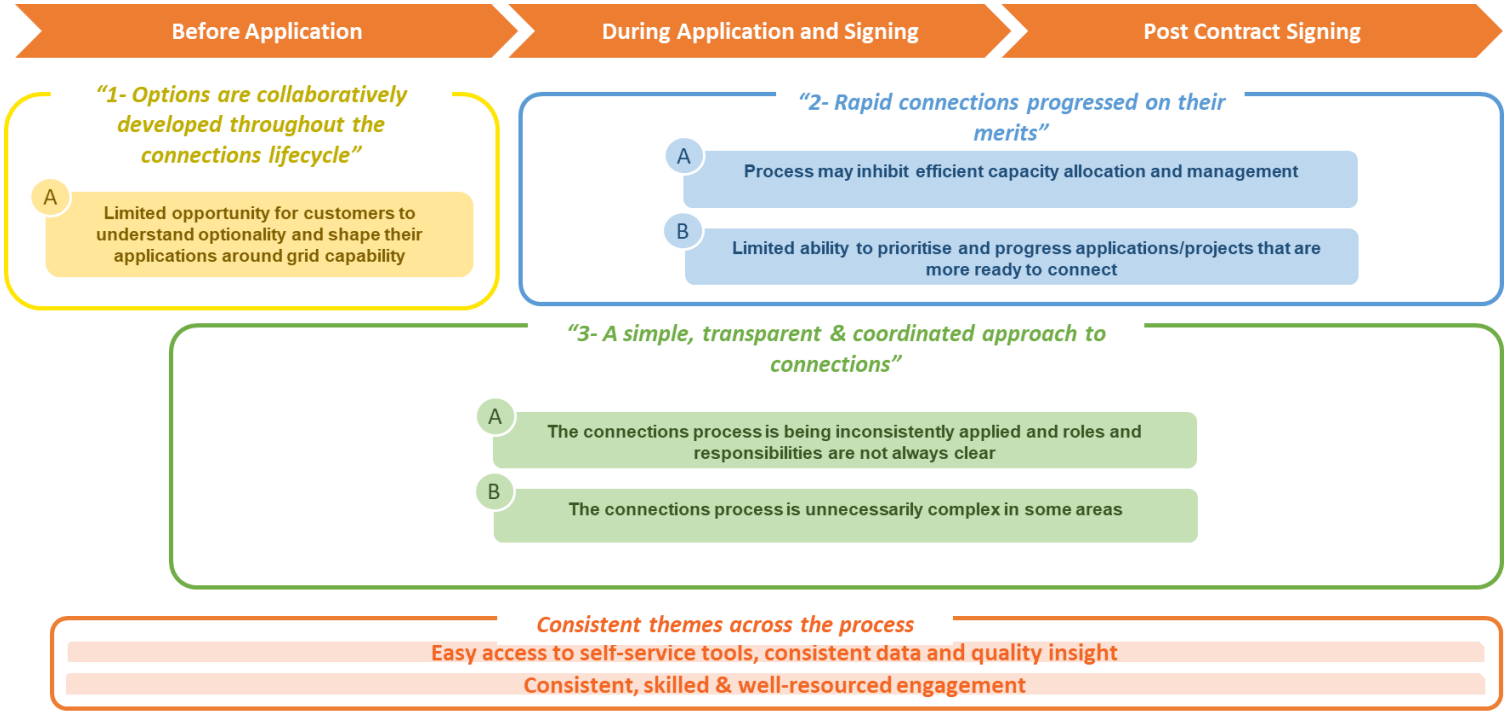
Phase 1 set out the Case for Change.
We are now in Phase 2, which is the design phase running until Spring 2023.

Connections Reform - Timeline



The Case for Change and Design Objectives

Phase 1: The Case for Change for Connection Reform



The full Case for Change for Connection Reform (produced in Phase 1) is available on our website - https://www.nationalgrideso.com/document/273021/download

Phase 2: Design Objectives

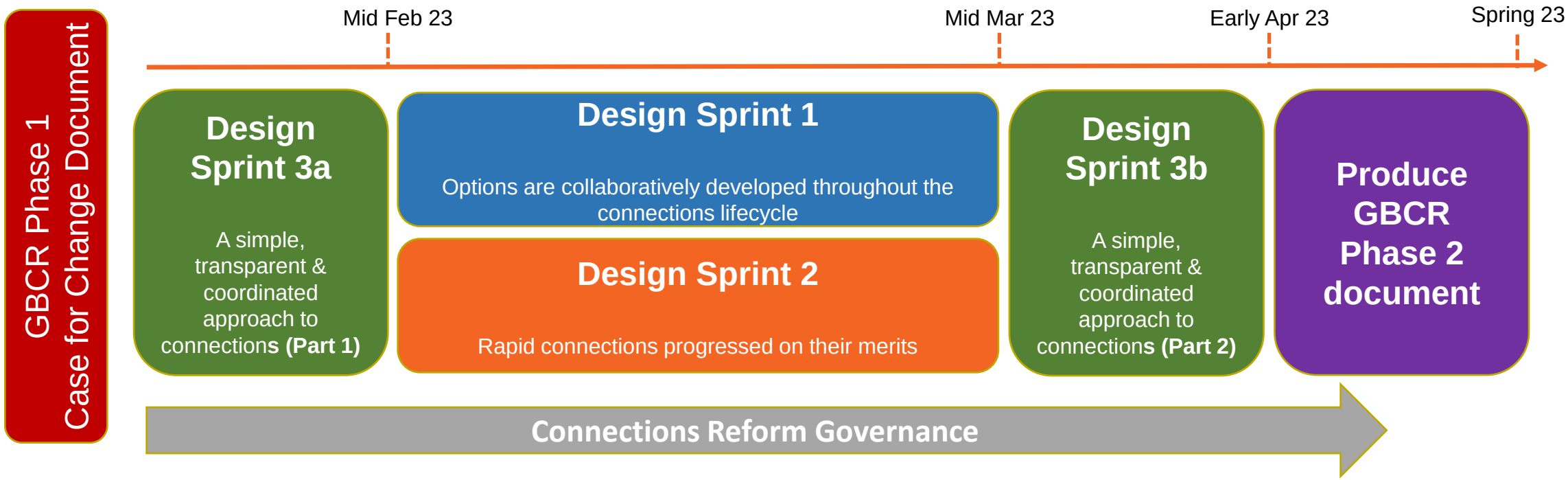
Design Objectives

- Options collaboratively developed throughout the connections lifecycle
- Rapid connections progressed on their merits
- A simple, transparent and coordinated approach to connections
- Easy access to self-service tools, consistent data and quality insight
- Consistent, skilled and well-resourced engagement
- Future proof process which supports efficient delivery of Net Zero
- Better system operability and cost outcomes for the end consumer

Phase 2 Structure and Timeline

We are now in the process of progressing GB Connections Reform Phase 2

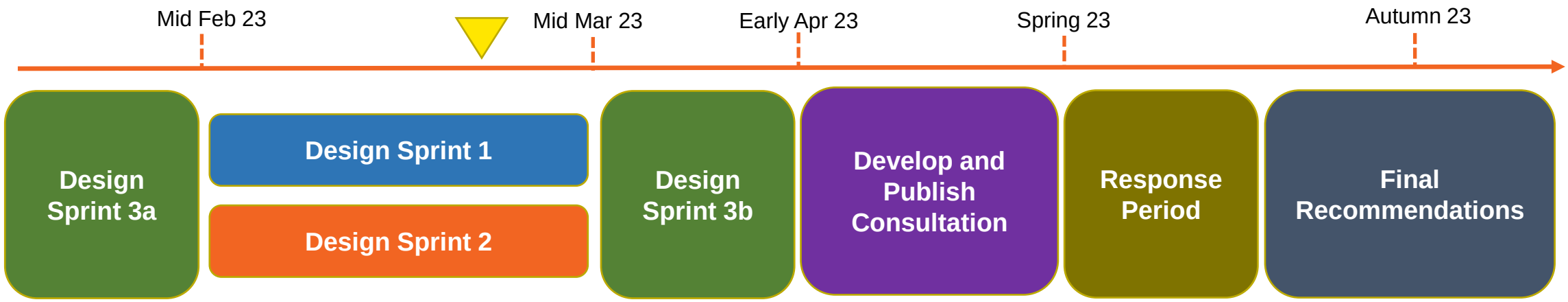
Phase 2 of the GB Connections Reform project builds upon the Case for Change (created in Phase 1) to develop a range of possible options for reforming the connections process. This will be done in an agile manner via a number of 'sprints' which, when combined, will consider the full breadth of possible options.



All sprints will consider all customer segments and personas, data and technology and people and skills.

The Design Principles will guide the sprints with options assessed against the Design Objectives and Design Criteria.

Next Steps



- Sprint 1 and Sprint 2 outputs to be taken to the Steering Group in March 2023
- Sprint 3b to be developed in March 2023 and taken to the Steering Group in April 2023
- Consultation to be drafted in May 2023
- Consultation (including recommendations) now likely to be published in June 2023
- Final recommendations, post-consultation, likely to be published Autumn 2023

Continuing the conversation

Email us with your views on this document at: box.connectionsreform@nationalgrideso.com and one of our team members will get in touch.

Get involved by ensuring you sign up to our newsletter

Get the latest from ESO - Customer Connections (nationalgrid.co.uk)

For further information on ESO publications please visit: nationalgrideso.com

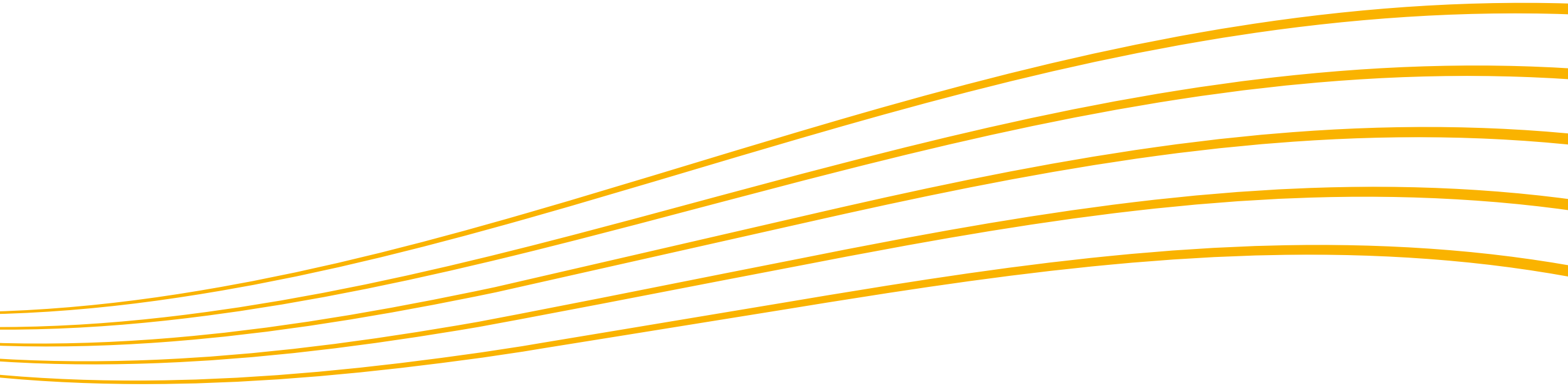
Write to us at:

Electricity System Operator

Faraday House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

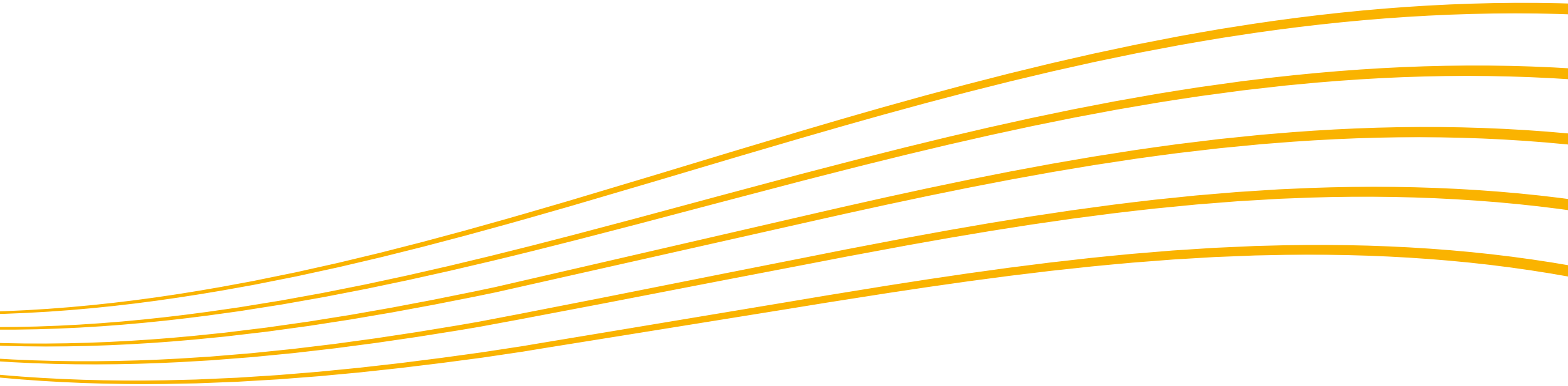
TNUoS Task Force verbal update

James Stone - ESO



Update on the fixed Generation TNUoS tariff modification proposal

Binoy Dharsi - EDF Energy



TNUoS predictability modification - update

9th March 2023

Background

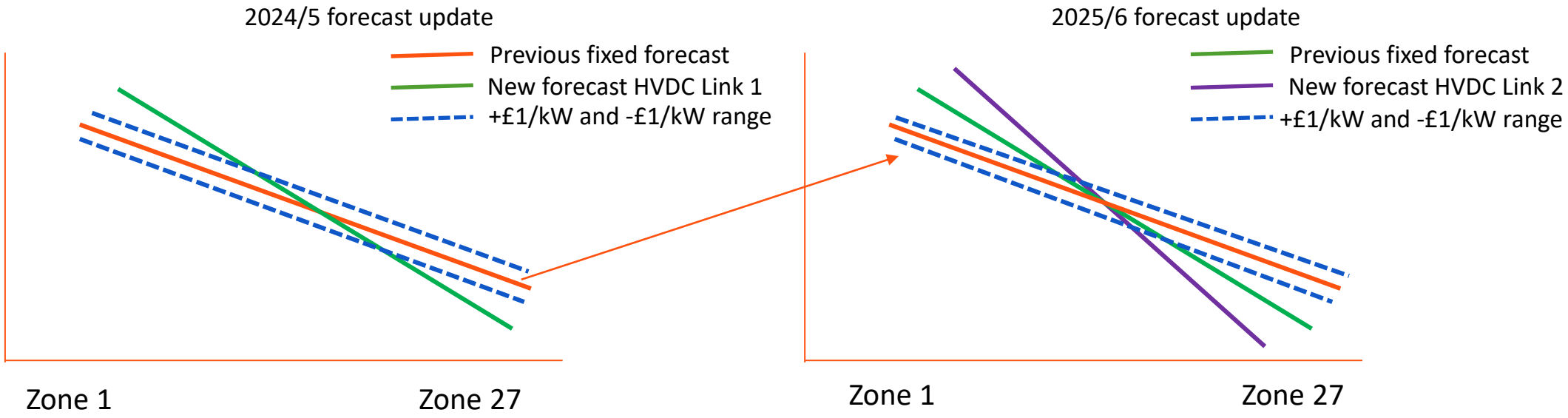
- In February 2023 we presented to the TCMF our concept of a predictability modification
- Following extensive engagement with industry stakeholders the principle of what we were trying to achieve was largely accepted
- The TNUoS Task Force was given a remit to deliver greater predictability in TNUoS and the solution we proposed would deliver to this
- We have developed a modification which we can explain in more detail
- We have outlined our next steps

Step by step explanation of the TNUoS predictability modification

Step 1: In publication Year 1 a set tariffs for each of the 27 generation zones is generated for a ten year period.
Step 2: For each subsequent year a further set of tariffs is published for a 10 year period
Step 3: This subsequent tariff publication will replace any previous forecast with a further year of tariffs added. (9 years will be updated + an additional new year will be added)
Step 4: If any of the tariffs replaced by a subsequent forecast is within a range of £1/kW* then the tariff in each of the 27 generation charging zones is adjusted.
Step 5: If any of the subsequent tariffs for any of the 27 generation zones exceeds +/-£1/kW*, then the generation tariff is adjusted by £1/kW.
Step 6: Excess positive and negative tariffs outside of the +/-£1/kW range will be netted and this residual will be recovered (+/-) through demand tariffs

We are cognisant that we do not want a situation where a cap/collar mechanism, that may unintentionally store up a potential cliff edge, to create uncertainty to generators. We offer two measures to mitigate this:
1) The cap and collar range increases throughout the 10-year forecast period
2) When NG ESO publishes a subsequent 10-year forecast, without some safeguards tariffs could increase unabated. By introducing a new tariff publication cap of +/-?%, this would limit any cliff edges or windfall gains permissible

Mechanics of the predictability modification for 2027/8 charging year



Updates to forecast	HVDC Link 1 2027/8 Adjustment to Generation tariff	HVDC Link 2 2027/8 Adjustment to Generation tariff	2027/8 Demand adjustment for any positive and negative tariffs over £1/kW	2027/8 Demand adjustment for any positive and negative tariffs over £1/kW
2024/5	Cannot collect £143m from generators, so cap is reduced by 1.39/kW		£31m	+1.0%
2025/6		Cannot collect £82m from generators, so cap is reduced by 0.79/kW	£82m	2.7%

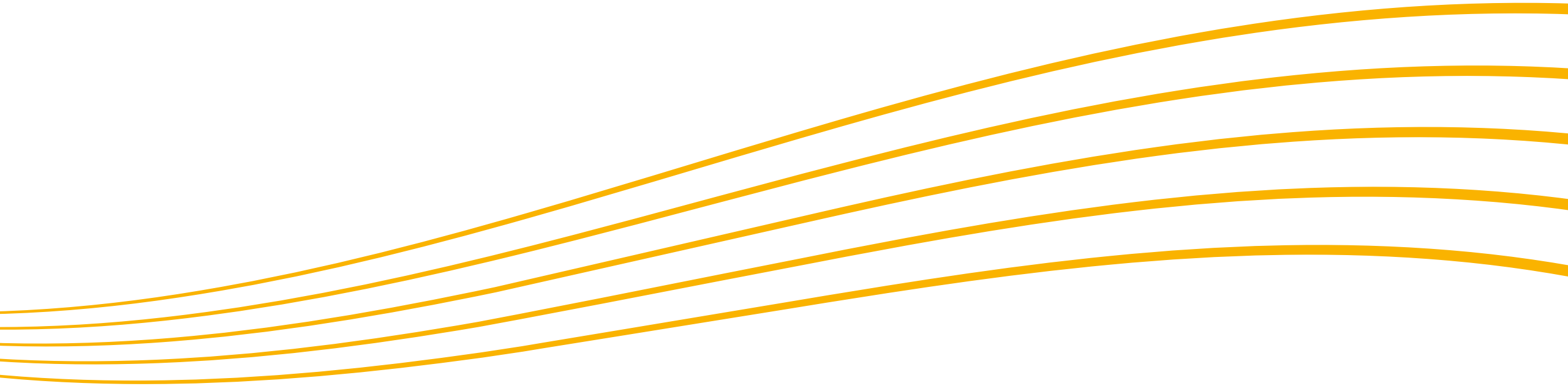
Modelling a new the new Eastern HVDC link makes the curve steeper. The model tries to recover more revenue from generators than is permissible under EC838/2010. Therefore the generator residual value is reduced to ensure no breach occurs.
A number of generators face either an increase or decrease in contribution but it is capped. The excess revenue is then adjusted to the demand residual tariff.

Summary

- The TNUoS Task Force has given a clear mandate to work towards improving TNUoS predictability
- Our modification proposal delivers a solution to address this
- Having looked at alternatives to provide the strongest predictable signal our conclusion was that an output driven solution was the most effective
- EDF will be raising a modification and will seek approval from the CUSC Panel in March 2023

CMP389 Publication of Bands and TNUoS 5 Year View Sensitivities

Nick Everitt - ESO



CMP389 Bands

- **CMP389 Transmission Demand Residual (TDR) introduced bands for sites**
- **We intend to publish these site specific bands on our website**

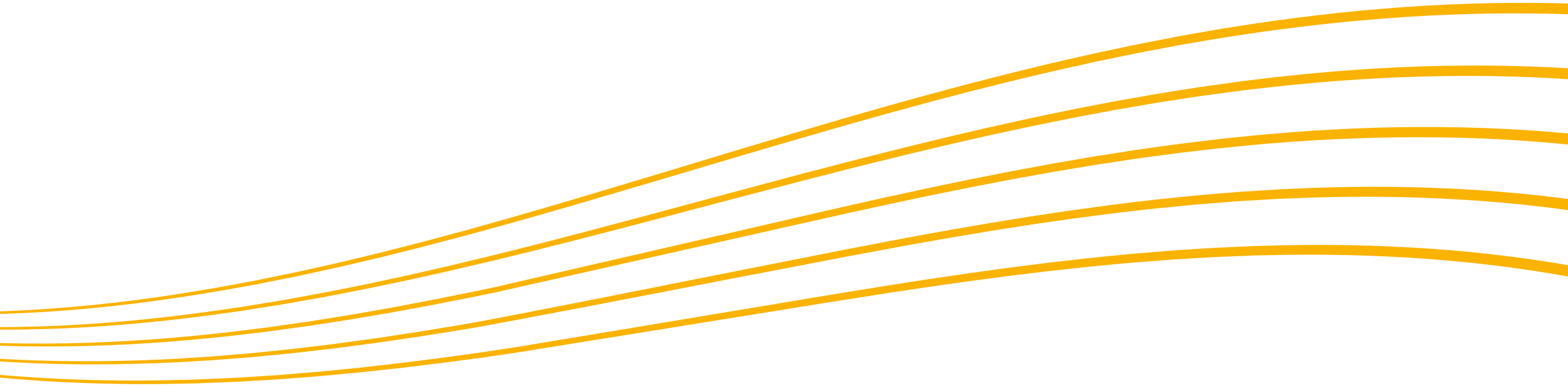
Site	T-Connected Band Allocation
Windys Windmill	Band 1
Camberwick Solar	Band 1
Trumpton	Band 2

5 Year View Sensitivity Analysis

- **Revenue changes**
- **Future generation and HVDC Cables**
- **TDR – Transmission sites**

STAR Billing System verbal update

Nick George - ESO



AOB & Close