

CMP413 – Rolling 10-year wider TNUoS generation tariffs

Wednesday 21 June 10am

Online Meeting via Teams



Objectives and Timeline

Claire Gault – ESO Code Administrator

Timeline for CMP413 – Proposed Timeline as at 11 May 2023

Milestone	Date	Milestone	Date
Modification presented to Panel	31 March 2023	Panel sign off that Workgroup Report has met its Terms of Reference	24 November 2023
Workgroup Nominations (15 Working Days)	3 April 2023 to 26 April 2023	Code Administrator Consultation (15 working days)	27 November 2023 to 18 December 2023 (5pm)
Workgroup 1- Setting the scene – understand Modification process, roles and responsibilities, agree Terms of Reference and timeline, understand the proposed change and agree next steps	11 May 2023	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	18 January 2024
Workgroups 2 to 5 - review current / additional analysis, discuss cap/collar ranges, discuss number of years the TNUoS tariffs are fixed for, identify alternative solutions, draft legal text, draft Workgroup Consultation and questions	31 May 2023, 21 June 2023, 11 July 2023 and 1 August 2023	Panel undertake DFMR recommendation vote	26 January 2024
Workgroup 6 – finalise Workgroup Consultation	23 August 2023	Final Modification Report issued to Panel to check votes recorded correctly	29 January 2024
Workgroup Consultation (15 working days)	30 August 2023 to 20 September 2023 (5pm)	Final Modification Report issued to Ofgem	6 February 2024
Workgroups 7 to 9 - <i>Review Workgroup Consultation Responses and proposed alternatives, Alternative Vote, Finalise solutions and legal text, Agree that Terms of Reference have been met and Workgroup Vote</i>	2 October 2023, 23 October 2023 and 13 November 2023	Ofgem decision	TBC
Workgroup report issued to Panel (5 working days)	16 November 2023	Implementation Date	TBC



Review and agree Terms of Reference

ALL

CMP413 - Terms of Reference

Workgroup	Term of Reference
a)	Consider EBR implications
b)	Consider the length of time the TNUoS Generation tariffs are fixed for
c)	The proposal is for charges to be capped/floored at a pre-defined range for that generation zone for each charging year. Consider the requirement for a cap and collar and consider what the pre-defined range should be?
d)	Consider whether criteria need to be set to allow for the cap and collar to be waived in certain circumstances (e.g. for material changes to the TNUoS methodology)
e)	Consider interaction between the Generation TNUoS charges falling outside the “pre-defined” range and ensuring that EC838/2010 (“Limiting Regulation”) is not breached.
f)	The proposal is that the net difference in the TNUoS Generation tariff (if it breaches the pre-defined range) across all generation zones would be recovered through demand TNUoS. Consider the impact on demand TNUoS tariffs.
g)	Consider the impact on the Transmission Demand Residual and consumers.
h)	Consider interactions with wider potential TNUoS developments e.g. TNUoS Taskforce and Review of Electricity Market Arrangements (REMA).
i)	Consider the trade-off between cost-reflectivity and certainty/predictability.

CMP413 - Terms of Reference – Proposed changes

ToR Original	ToR Suggestion	ToR Suggestion II
c) The proposal is for charges to be capped/floored at a pre-defined range for that generation zone for each charging year. Consider the requirement for a cap and collar and consider what the pre-defined range should be?	c) The proposal is for wider generation tariffs to be within the pre-defined cap/collar range for each generation zone and charging year. Consider the requirement for a cap and collar and consider what the pre-defined range should be?	
e) Consider interaction between the Generation TNUoS charges falling outside the “pre-defined” range and ensuring that EC838/2010 (“Limiting Regulation”) is not breached.	e) Consider the interaction between Generation TNUoS tariffs within the pre-defined cap/collar range and compliance with the EC838/2010 (“Limiting Regulation”).	e) consider the interaction between the cap as set by 838/2010 (“Limiting Regulation”) and the cap/collar as proposed by the modification.
f) The proposal is that the net difference in the TNUoS Generation tariff (if it breaches the pre-defined range) across all generation zones would be recovered through demand TNUoS. Consider the impact on demand TNUoS tariffs.	f) Consider the impact on demand TNUoS tariffs as a result of the net difference in revenue from the adjustments made to TNUoS Generation tariffs (if it breaches the pre-defined cap/collar range).	



HND methodology challenge Option 1 Diagram

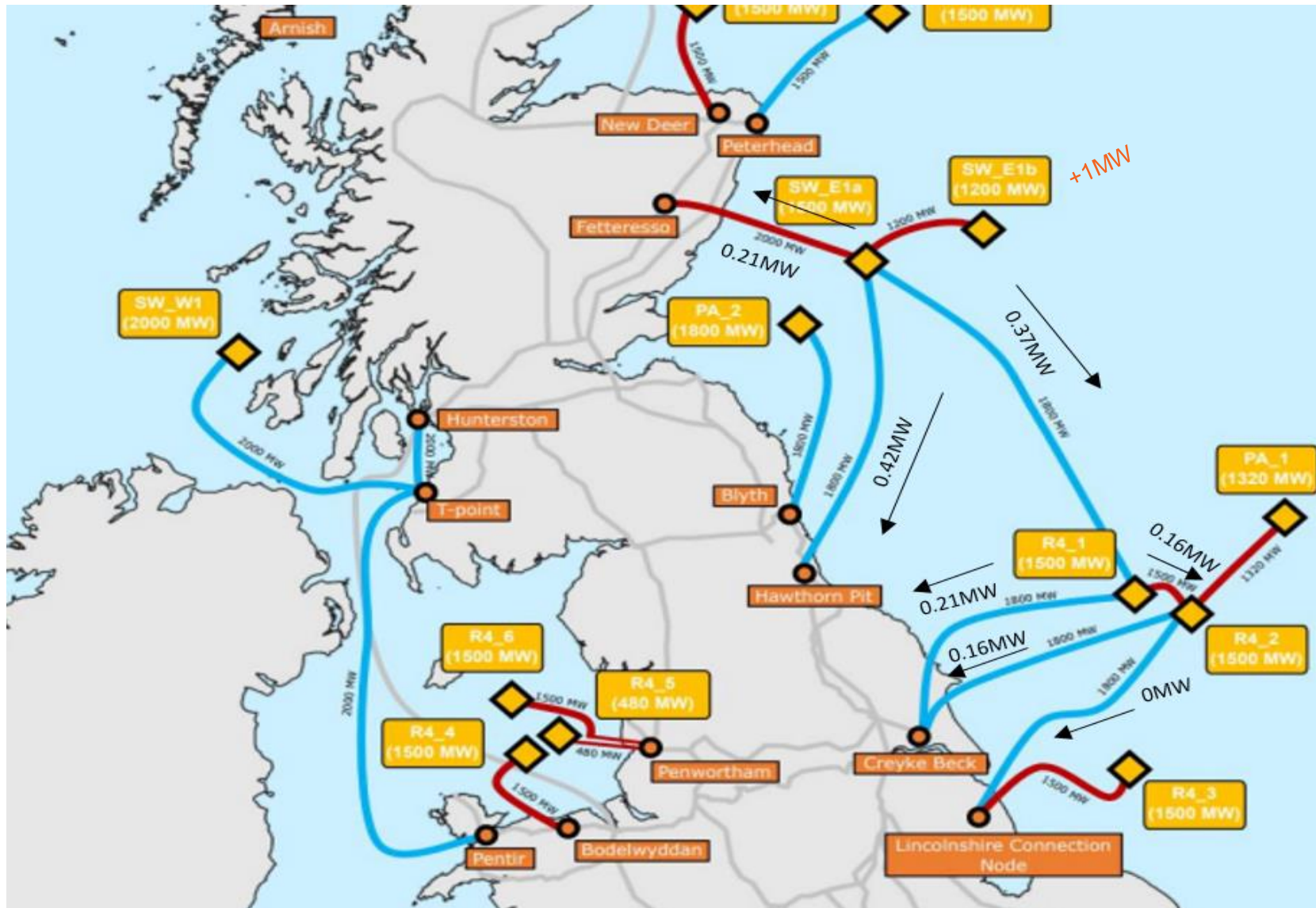
Jo Zhou – ESO Subject Matter Expert

ESO 10-year TNUoS tariff forecast

Options to combat the HND methodology challenge

- Option 1 – treat DC circuits as if they were AC circuits
- Option 2 – “even spread” of flows at junction points
- Objective: to keep the tariff calculation relatively simple, and easy to understand, while still retain the locational signals

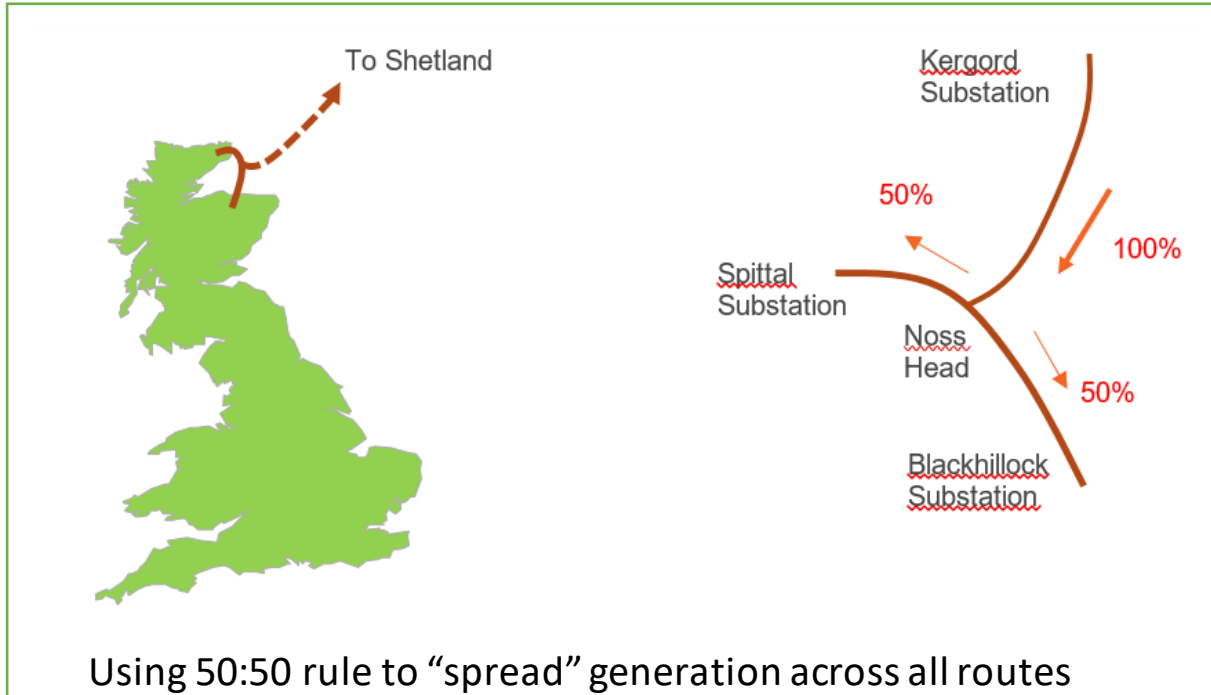
Option 1 – treat DC circuits as if they were AC circuits



- Indicative flows by +1MW at SW_E1b
- Results are indicative
- Results change with generation, demand, network topology and parameters

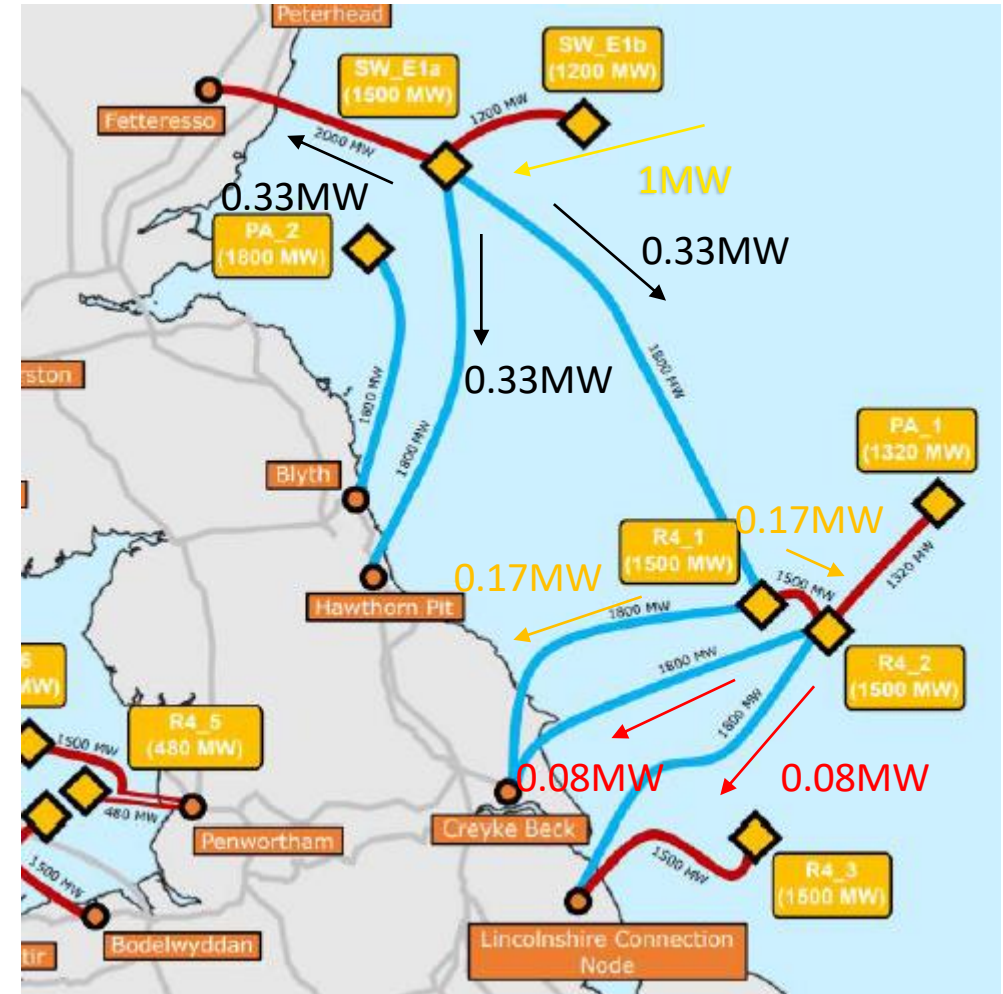
Option 2 – “Even Spread”

<https://www.nationalgrideso.com/electricity-transmission/document/189146/download>



At R4_1 – 0.33MW of SW_E1a to R4_1 flow is split into 0.17MW X 2 ways

At R4_2 – 0.17MW of R4_1 to R4_2 flow is split into 0.08MW X 2 ways





Updated Tariff Methodology Spreadsheet Presentation

Binoy Dharsi – EDF Energy



Any Other Business

Claire Goult – ESO Code Administrator



Next Steps

Claire Goult – ESO Code Administrator