



The quarterly Charging Futures Forum is the primary place for users of the electricity network to learn, contribute and shape the future of charging arrangements.

This summary gives an overview of the key topics presented and themes discussed at the Forum on 5 September 2018 at County Hall, London. It was a full day - with the main focus being on Ofgem's Access and Forward Looking Charges Consultation. We also had updates on RIIO2 and the Targeted Charging Review in the morning, and in the afternoon we had an ESO presentation and discussions around wider reform. The next Forum is scheduled for January.

## Objectives of the Forum

On 5 September, users of the GB's electricity transmission and distribution networks came together for the fourth Charging Futures Forum. The objectives for the day were for attendees to:

- > **Learn** about
  - RIIO, the framework for setting the network companies' allowed revenue
  - Recent developments of the Targeted Charging Review
  - The Access and Forward-Looking Charges consultation
- > **Ask** the network charging experts your questions
- > **Contribute**
  - Your thoughts on the Access and Forward-Looking Charges consultation
  - Your views on other high-priority network charging topics

See the full [agenda](#).

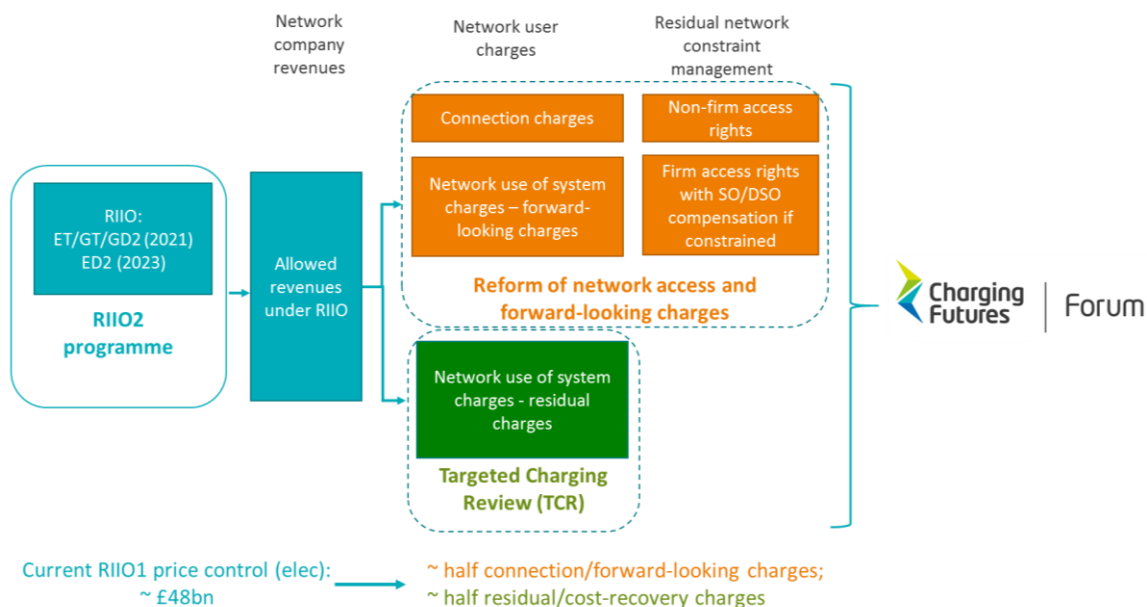
## Broad picture update and consolidated timeline

Andy Burgess, Ofgem's Deputy Director of Energy System Transition, started the day talking about how work packages fit together within the overall picture of Charging Reform. He then took us through the consolidated timeline.

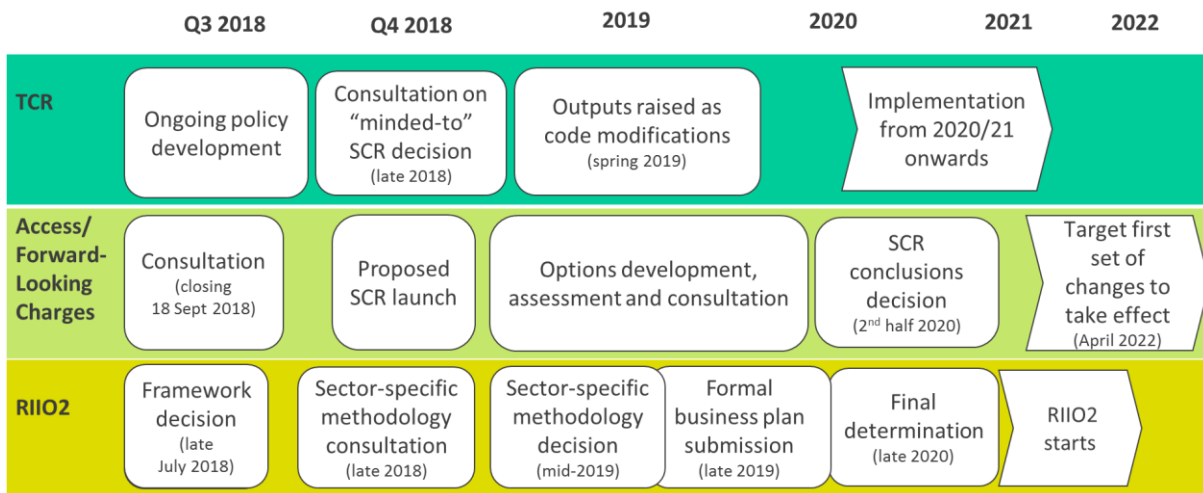
- > **RIIO2** is the price control that Ofgem are currently working on, which will set the allowed revenue to be collected from the Networks and the Electricity System Operator from 2021 onwards.
- > The allowed revenue is recovered through two elements under review
  - **Access and Forward Looking Charges** which creates signals for network users to help minimise the future costs that are needed to be incurred within the price control period.

- The **Targeted Charging Review** will set how the ‘residual’ element, required to meet any remaining amounts different to the allowed revenue, is calculated and recovered.

## RIIO2, Access and TCR



## Consolidated timelines



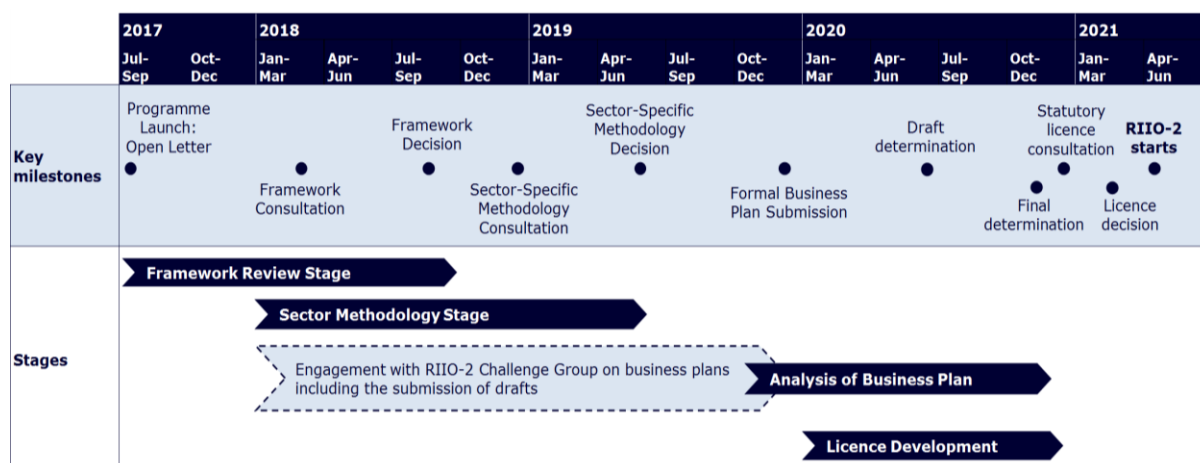
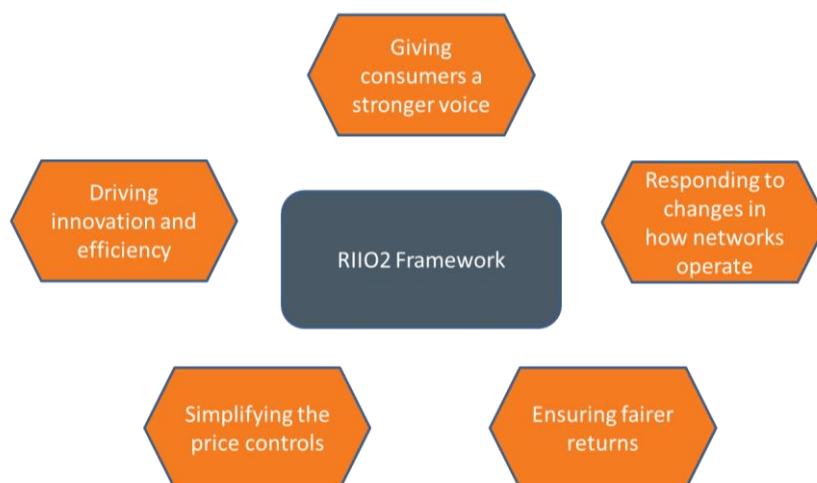
## RIIO2 Update

Steve McMahon from Ofgem gave us an update on the key decisions and next steps on the RIIO2 framework. This was the first time we have heard from the RIIO2 workstream at the Forum. This update enabled us to hear about how the pot of money is set, before costs are allocated onto different charges and is split up between network users.

For Electricity Transmission Licensees the next RIIO price control framework will be set from 2021. This is slightly later for Electricity Distribution Licensees at 2023.

Feedback from a March consultation has already helped towards making firm decisions on certain elements of the framework. Further consultations for each sector will open in December 2018.

Steve took us through each of the key objectives of the framework, before sharing with us the next steps timeline. Take a look at the [slides from the day](#) for more detail.



## Targeted Charging Review Update

Andrew Self presented a high-level update on the Targeted Charging Review. This included an update on where we are now and what you can expect to see next.

If you would like more detail on this - for example how Ofgem have come up with the current modelling work and how they are assessing some of the options, please take a look at the recent recorded webinar on the [charging futures website](#).

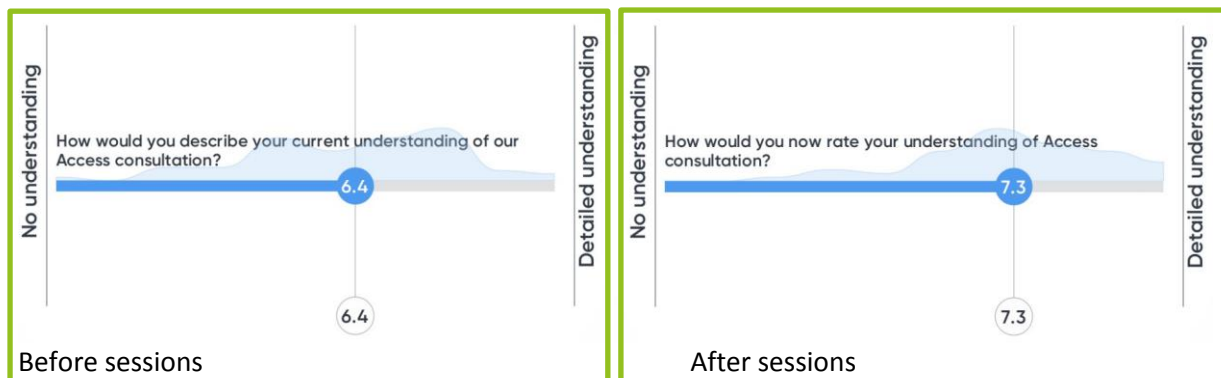
The main thing to watch out for is the preferred option for consultation which will be published later in the autumn. As well as this, there will be a minded to decision on any transitional arrangements alongside a minded to decision on the preferred option.

More on this can be found on the [slides from the day](#).

## Access and Forward Looking Charges consultation

This was the main section of the day, which started with an overview of the aims of the consultation – presented by Andy Burgess (please visit [the slidepack](#) for this). This was followed by three breakout sessions to get attendee’s contributions on led by Jon Parker from Ofgem. These were on 1) Access arrangements, 2) Forward Looking Charges and 3) How the process is taken forward.

Before the sessions got underway, attendees were asked to rate their current understanding of the Access consultation. It was good to see that understanding was relatively good, and this improved by the end of the session.



### Session 1) Access arrangements

1. **Rate these methods for defining access rights on a scale of value for consumers vs feasibility. (Firmness, Time-profiled, Short-term, Long-term, Local)**
2. Is reform more important at Distribution or Transmission?
3. Should the review include the option to clarify the rights of smaller users? Do you consider that developing “core” access could be beneficial?
4. Do you agree with our proposal that targeted areas of allocation of access should be reviewed?

### Session 2) Forward Looking Charges

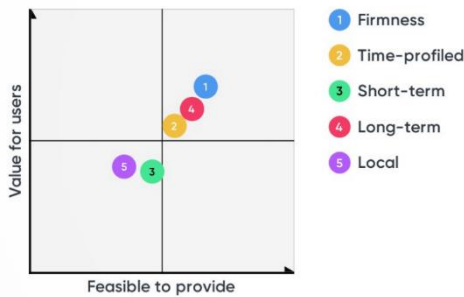
5. Do you agree that a comprehensive review of forward-looking DUoS charging methodologies should be undertaken?
6. **Do we consider that we should review the distribution connection boundary?**
7. Do you consider that we should undertake a focused review of TNUoS charges? Do you agree with the areas of TNUoS that we have identified?
8. Do you consider that a Take Force should be launched to review BSUoS?

**Sessoin 3) How do we take this forward?**

- 9. Who should lead reform?**
- 10. What type of SCR do you consider should be conducted?
- 11. Do you consider that we should introduce a licence condition on the ESO and DNOs to take forward areas outside the scope of the SCR?
- 12. Do you have any comments on the proposed timelines?
- 13. How can we best coordinate our work and engage with stakeholders?

Some of the questions which reached close results between categories are bolded and shown below.

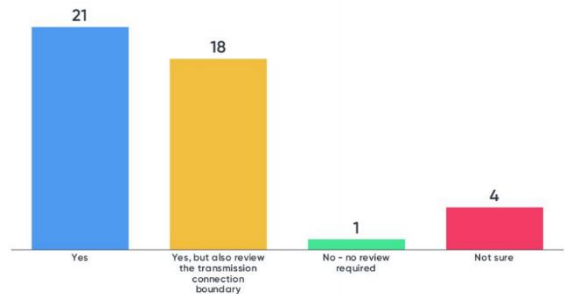
**Improving access choice and definition for larger users**



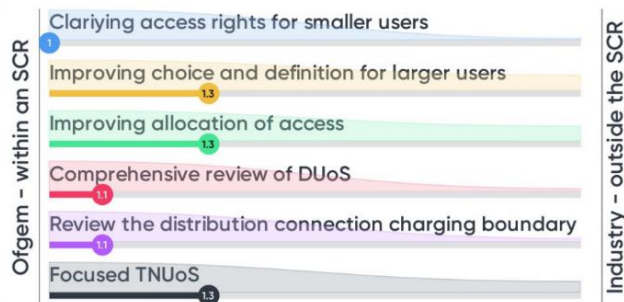
All of the Access rights seemed to be rated as quite high value to the end user, particularly firmness. The granularity on how feasible each are tended to point towards firm and time-profiled being stronger. Views on definition of local access rights were split on the day. Improved choice and better definition was generally agreed to be a good thing.

Some attendees considered that the transmission connection boundary should be reviewed to ensure alignment with arrangements at distribution.

**Do we consider that we should review the distribution connection boundary?**



**Who should lead reform?**



Most responses indicated that industry would like Ofgem to lead on each of the workstreams, but some to a greater extent.

You can access all of the questions and responses from the charging futures website.

## Wider Reform

Louise Schmitz from National Grid Electricity System Operator then gave us an update on the role of the ESO. She talked about the legal separation of the Electricity System Operator which comes into affect from April 2019 and introduced the ESO new identity. The role involves the ESO providing more leadership in the scope and content of work across industry frameworks and market operations.

The ESO are now incentivised by the ESO Forward Plan which explicitly requires the ESO to link what they do to consumer benefits. This introduction gave context to what the ESO can provide in the Charging Futures space going forwards.

The next section revisited the seminars which the ESO led with industry in 2016. These was to look at all the different elements of charging and get customers to rank these in priority that should be taken going forward. Most of these are now covered within either the Access and Forward Looking Charges review or the Targeted Charging Review.

Rob Marshall from the Electricity System Operator then ran sessions with attendees to get their views on what should be done with the leftover items which are not covered by those Ofgem work packages.

(Operational costs cover balancing costs such as BSUoS).

### Priority of remaining elements



Some attendees felt overwhelmed by the amount of change discussed on the day.

Much of the discussion was around how you prioritise work packages.

Some talked about whether these should be covered in the SCR.

## Feedback and next steps

### You said

#### Organisation/Venue

- Excellent venue and organisation
- A delegate list or list of companies attending shared before the forum would be good

#### Content covered

### Next steps

#### Organisation/Venue

- We will continue to go with our venue provider where possible
- We will share a list of companies in advance of the next forum
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#### Content covered

- Great timing of the event within the consultation period
  - Good level of information covered / A lot of information covered and not enough time
  - ESO Session slightly disconnected from other discussions
  - Helpful pre-work and podcasts
- The next forum is planned for January 2019. It is likely that this may fall within the TCR consultation window
  - We appreciate there was a lot to cover on the day. On the whole, feedback was generally positive on the level of information and that this was much better than the previous forum. We will continue to work on the amount we schedule for each session and consider other methods such as webinars, to go through detail.
  - On hearing your feedback we will try not to introduce new topics on the day. We will use prior sharing and pre-work to help understanding of new topics.
  - Thank you for your positive feedback on podcasts. We will continue to produce these as well as pre-work for forums.

#### Quality of content

Great use of Menti, Slido and table discussions  
/ Overuse of Menti & better phrasing of questions

#### Quality of content

- Most of the feedback regarding the facilitated Menti sessions was very positive. In future we will ensure to do more thorough testing of questions to reduce ambiguity around what answers meant.

## Next Forum and how to contact us

- > The next Forum will be in January 2019.
- > To sign up to our mailing list or register your interest in attending future forums. Go to to [www.chargingfutures.com/sign-up](http://www.chargingfutures.com/sign-up)
- > National Grid Lead Secretariat, National Grid SO - [chargingfutures@nationalgrid.com](mailto:chargingfutures@nationalgrid.com)
- > Ofgem Chair – [CFF@ofgem.gov.uk](mailto:CFF@ofgem.gov.uk)
- > For more information on:
  - > Targeted Charging Review - [TCR@Ofgem.gov.uk](mailto:TCR@Ofgem.gov.uk)
  - > Electricity Network Access Project - [NetworkAccessReform@ofgem.gov.uk](mailto:NetworkAccessReform@ofgem.gov.uk)

## Other resources

- > Visit [www.chargingfutures.com](http://www.chargingfutures.com) for:
  - > [Educational webinars](#) on how network charging works today and may develop in the future.
  - > Pre-Forum and post-Forum podcast. Available from [iTunes](#) and [Soundcloud](#)

- › Summary notes on [Targeted Charging Review](#), [Access & Forward Looking Charges](#), and of our Access Podcast Series.
- › Summary notes such as our [Access consultation summary](#) and [Access podcast series summary](#) can be found on our [Access dedicated page](#).