



TNUoS Task Force

Meeting 9.5

25th October 2023





Agenda

13:00 – 15:00

- > 13:00 Introduction & Welcome
- > 13:10 Action Review
- > 13:20 MHHS
- > 14:30 AOB & Close

Action Review

Chris Parsons





Summary of actions

<u>ID/ date</u>	<u>Agenda Item</u>	<u>Description</u>	<u>Owner</u>	<u>Notes</u>	<u>Target Date</u>	<u>Status</u>
11 11/10	7	Arrange a call with JT and ESO on the scaling factor modification and interactions with Backgrounds.	CP		ASAP	Open
12 11/10	7	Scaling factor modification proposal to be submitted as soon as possible with a level of materiality clear within it (i.e., input scaling factors into the model).	CP		Oct	Open
15 11/10	7	CP to discuss Transmission Owner (TO) data with the Revenue team to share how it's used in the model and arrange discussions with the TOs themselves..	CP/BC		December	Open
17 11/10	7	Arrange calls to discuss the pressing questions on Data Inputs and agree next steps ahead of Nov meeting.	CP		October	Open
18 11/10	7	Update consultants on when feedback on the Signals proposal will be available.	CP		October	Open



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21 11/10	9	Set an agenda for the new Demand Charging workstream (including the ESO representatives on MHHS) on 25 Oct.	CP		Oct	Open
22 11/10	12	Specifics of the November meeting location to be shared with the Task Force.	DS/EB		Oct	Open
23 11/10	12	Email to be shared with a rota for Task Force members to share an update at TCMF.	CP		Oct	Open

Market Wide Half Hourly Settlement (MHHS)

Neil Dewar & Keren Kelly

Agenda

1. Timeline Overview
2. Problem Statement
3. Situations and Asks of Task Force
 - a. Short Term
 - b. Medium Term
 - c. Long Term
4. Annexe

Timeline Overview

2023		2024				2025				2026				2027	
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2

Migration start
M11

Migration end
M15

Migration period



Problem Statements

Problem Statements:

- How do we address changes to CUSC, protect end users from double charging implications by April 2025 (Start of Migration), while fitting in with MHHS Programme M6 and not being a blocker to the success or delaying implementation?
- What should TNUoS charging look like after MHHS Migration?

Now – April 2025 (Pre Migration Period – Short Term)

Situation

- The [TUoS Report](#) (P0210 – Half Hourly HH/Non Half Hourly NHH Split) states that HH data is provided for Half Hourly Measurement Classes: C, D, E, F and G. ESO then uses this information to charge for HH Demand under the Triad methodology
 - Existing treatment of some Measurement Classes to be noted:
 - MPANs that were ‘Elective’ Half Hourly settled (Measurement Class E) are already charged under the Triad methodology
 - [CMP401](#) extended the protection of double charging for MPANs in Measurement Classes F and G (extending P272 and CMP318) should there be a change in Measurement Class during the year, preventing a site being charged under the triad and NHH methodologies during the same Charging Year. This protection lasts until completion of M15 of the MHHS Programme (End of Migration). Until this point, all Measurement Class F and G sites will be charged under the NHH arrangements.
- No impact on Tariff setting for Charging Year commencing 1st April 2024, but will impact Tariff setting for Charging Year 2025
- MHHS Programme expects draft legal text for all code change to be provided by February 2024 (to be made effective in March 2025 by Ofgem using SCR Powers). The CUSC drafting will detail the arrangements effective for the Charging Year 2025

Ask of Task Force

As this is a **short term** solution, we are discussing with Ofgem and MHHS Programme to confirm positions and ensure appropriate governance can be followed to ensure Charging and MHHS goals are fulfilled

April 2025 - October 2026 (Migration Period – Medium Term)

Situation

- All MPANS (roughly 33m) will migrate to the new Target Operating Model (TOM) over an 18 month period
- Migration will be done by Supplier MPANs by group during the period
- As it stands, once a site moves to the new TOM arrangements, it will be treated as a Half Hourly settled irrespective of how site is metered
- If the end consumer changes from a Supplier who is participating in new arrangements between April 2025 and October 2026 to a Supplier who is not, the end consumer will move back into the old settlement arrangements (reverse migration)
- CMP401 extended the protection of double charging for MPANs in Measurement Classes F and G (extending P272 and CMP318) should there be a change in Measurement Class during the year, preventing a site being charged under the triad and NHH methodologies during the same Charging Year. This protection no longer exists for MPANs in the new arrangements (no Measurement Class)
- Subsequently, there is a risk of double charging of MPANs depending on when Suppliers move to the new arrangements i.e. portion of year on old arrangements/rest on new (if no change)

Ask of Task Force

1. Are there any additional solution options – e.g. segmenting customers differently?
2. Should we do a Risk/Cost Benefit Analysis against the solution options and who is best placed to do this?

Although a **medium term** strategy, this needs to be resolved now due to the MHHS requirements for Code Bodies, unless CUSC is de-linked as part of Pre Migration activities

October 2026 onwards (Post Migration Period – Long Term)

Situation

- All MPANS will have migrated to the new TOM and will be Half Hourly settled irrespective of how they are metered – this includes sites that are not on smart meters, and also unmetered sites

Ask of Task Force

1. What should Demand Charging look like as an enduring solution?
2. What could Triads be replaced with that is suitable for both domestic and non domestic end consumers?
3. Should the industry continue with Medium Term solution (Migration Period) until a long term solution can be implemented?

No immediate urgency from MHHS perspective to resolve, but a **long term** strategy required, and could consider context of all sites being half-hourly settled

Annexes

Potential Solutions

Information contained on Slides 9-12 is not the policy position of the ESO. The potential benefits, risks and consumer impacts are included as discussion points

Solution 1 – All MPANs Move to Triad Methodology or replacement

- **Benefits/Upside**
 - CUSC obligations will be met to allow MHHS Programme to be delivered (assuming nothing changes)
 - Consumers will be able to access benefits of flexible dynamic tariffs by Suppliers
- **Risks/Downside**
 - Delay to the MHHS Programme preventing access to new tariff arrangements
 - All Suppliers will not move at the same pace and consumer benefits may be delayed
- **End Consumer Impact**
 - Adverse cost impacts as domestic consumers will be subject to HH Charging Methodology
 - Negation of benefits of MHHS Programme

This is not the policy position of the ESO. The potential benefits, risks and consumer impacts are included as discussion points

Solution 2 – All MPANs Move to Non Half Hourly Methodology

- **Benefits / Upside**

- CUSC obligations will be met to allow MHHS Programme to be delivered (assuming nothing changes)
- Suppliers not charged as much, so could re-invest in infrastructure, Net Zero etc
- Reduced bills for end consumers as lower pass through costs

- **Risks / Downside**

- Delays to the MHHS Programme preventing access to new tariff arrangements
- Suppliers may not pass on benefits
- Material changes of HH (Commercial Charging) arrangements in future may be harder to introduce/enforce - as they will undoubtedly be more penal than this arrangement

- **End Consumer Impact**

- Potentially increased Supplier focus on domestic end consumers rather than commercial

This is not the policy position of the ESO. The potential benefits, risks and consumer impacts are included as discussion points

Solution 3 – Try to maintain the Status Quo of the best P0210 File

- **Benefits**

- CUSC obligations will be met to allow MHHS Programme to be delivered (assuming nothing changes)
- Reduced impact on Suppliers trying to resolve consumer queries
- This “fixes” the issue on a temporary basis for some sites and means that for Day 1, things work – sticking plaster solution
- ESO Charging teams

- **Risks**

- Not all MPANs from Measurement Classes C and F are going to be able to be validated
- Some MPANs will incur Double Charging but expected to be a minimal amount – indications from Elexon are that we have a 95% comfort level. Information from Suppliers is needed to validate this.

- **End Consumer Impact**

- Most consumers will see little impact

This is not the policy position of the ESO. The potential benefits, risks and consumer impacts are included as discussion points

Solution 4 – Exhaust all avenues and issue a Change Request to MHHS to reinstate Measurement Classes

- **Benefits**

- Pre Migration TNUoS charging arrangements can remain in place throughout the MHHS Migration

- **Risks**

- Large changes required at MHHS to change Programme Design
- Increased resource requirements at Elexon
- Limited benefit as changes could be redundant at end of Migration depending on enduring arrangements for demand charging
- May not be able to be delivered in current Milestones, so delaying MHHS Programme
- A high cost, limited return option

- **End Consumer Impact**

- Status Quo fully retained - so no adverse consequences
- Once migrated by their Supplier, would be able to extract MHHS intended benefits – ToU tariffs etc

This is not the policy position of the ESO. The potential benefits, risks and consumer impacts are included as discussion points

Next Steps and Close

Jamie Webb



Thank you





Actions from Meeting 9

<u>ID/ date</u>	<u>Agenda Item</u>	<u>Description</u>	<u>Owner</u>	<u>Notes</u>	<u>Target Date</u>	<u>Status</u>
1 11/10	3	Feedback an update to Task Force on the SQSS review outlined in the 2021 Business Plan and any differences to the review required for the Backgrounds work.	JWe, CP		Nov mtg	Open
2 11/10	3	Review 2022 Task Force documents for SQSS review plans for 2023.	CP		Nov mtg	Open
3 11/10	3	Assess the materiality of the defect/changes for Backgrounds and urgency of the defect/changes (re: CUSC Panel prioritisation criteria) to define the method for making those changes.	Task Force		Ongoing	Open
4 11/10	4	Contact sub group(s) which may benefit from the Ocean Winds/Aurora consumer impact work to assess it as an evidencing resource.	AM		Ongoing	Open
5 11/10	6	ESO to contact SL to understand the technical input for the storage multiplier profile & a 'de minimis' level of sharing, assess what may be covered in CMP405 (or other lines of work), discuss if solar PV question is relevant for other sub groups to address.	CP	Update to be fed back to the Task Force	Nov mtg	Open



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6 11/10	6	Consider a new workstream to discuss the treatment of non-firm connections and charging.	CP/Task Force		Nov mtg	Open
7 11/10	6	Find a consistent interpretation of 'non-firm connection' and bring to Task Force to agree.	Sharing sub group		Ongoing	Open
8 11/10	6	Consider where solar is included or reflected in the model/TNUoS assumptions.	Task Force/Sharing sub group		Ongoing	Open
9 11/10	6	Consider erroneous negative non-shared tariff zones in the South.	Task Force/Sharing sub group		Ongoing	Open
10 11/10	6	Assess who undertakes any technical analysis for Sharing and if this is best done as part of the Task Force or a CUSC Workgroup (i.e., move this to a modification proposal).	Task Force, CP, SL		Nov mtg	Open



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11 11/10	7	Arrange a call with JT and ESO on the scaling factor modification and interactions with Backgrounds.	CP		Oct mtg	Closed
12 11/10	7	Scaling factor modification proposal to be submitted as soon as possible with a level of materiality clear within it (i.e., input scaling factors into the model).	ESO		Oct mtg	Closed
13 11/10	7	Bilateral conversations and regular updates to be shared with the Task Force from the scaling factor modification.	CP, MC		Ongoing	Open
14 11/10	7	Contact CP as to the information needing more transparency for ESO to review and respond to ahead of a discussion session at a future Task Force meeting (reminder to be shared at Oct, Nov meeting).	Task Force		Ongoing	Open
15 11/10	7	CP to discuss Transmission Owner (TO) data with the Revenue team to share how it's used in the model and arrange discussions with the TOs themselves.	CP		December	Open



Actions from Meeting 9

<u>ID/ date</u>	<u>Agenda Item</u>	<u>Description</u>	<u>Owner</u>	<u>Notes</u>	<u>Target Date</u>	<u>Status</u>
16 11/10	7	Ask the SQSS Team whether they can easily determine how double circuits are considered.	CP		Nov mtg	Open
17 11/10	7	Arrange calls to discuss the pressing questions on Data Inputs and agree next steps ahead of Nov meeting.	CP		Nov mtg	Open
18 11/10	11	Update consultants on when feedback on the Signals proposal will be available.	CP		October	Open
19 11/10	11	Bring the Signals sub-group work packages to the CMP413 Workgroup to assess their materiality to the modification.	BD		Ongoing	Open
20 11/10	9	ESO representatives to take away lines of enquiry on MIC thresholds, line loss options, solution timings for suppliers' contracts and the tariff derivation option (to ESO Revenue team) to explore further.	KK, ND		Oct & Nov mtgs	Open



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21 11/10	9	Set an agenda for the new Demand Charging workstream (including the ESO representatives on MHHS) on 25 Oct.	CP	To discuss objectives, priorities and key timing milestones considering Task Force and Authority comments from Mtg 9.	23 Oct	Open
22 11/10	12	Specifics of the November meeting location to be shared with the Task Force.	DS, EB		Oct mtg	Open
23 11/10	12	Email to be shared with a rota for Task Force members to share an update at TCMF.	CP		Oct mtg	Open
24 11/10	12	Feedback required as to the benefits of the Task Force for tackling its objectives to play back to the Innovation funding team.	Task Force		Ongoing	Open



Actions from Meeting 8

<u>ID/ date</u>	<u>Agenda Item</u>	<u>Description</u>	<u>Owner</u>	<u>Notes</u>	<u>Target Date</u>	<u>Status</u>
1 15/09	3	Check whether OpTIC would smoothen step changes in network development, check whether the model could cope with half a circuit. Consider timing and frequency of phasing data with ESO outputs.	JD		Ongoing	Open
2 15/09	5	Set up a working session between the OpTIC proposers and ESO NOA experts (including exploration of risk)	CP	HH happy to be part of this conversation	TBC	Open
3 15/09	5	Set up bilateral conversations with OpTIC proposer to pick up specific questions	GMa, Amo, PJ		Ongoing	Open
4 15/09	5	Share thoughts with the Authority representative as to the OpTIC model falling within scope for the Task Force	Task Force	Open invitation from the Authority for Task Force members to share thoughts	October	Open
5 15/09	6	Provide absolute values for the Y-o-Y tariff changes across regions (re: historic volatility)	Frontier/LCP		TBD with Frontier/LCP	Open



Actions from Meeting 8

<u>ID/ date</u>	<u>Agenda Item</u>	<u>Description</u>	<u>Owner</u>	<u>Notes</u>	<u>Target Date</u>	<u>Status</u>
6 15/09	8/9	Check with ESO SQSS experts as to a review of sharing factors to play back to the Task Force (and the Backgrounds workstream)	JW		TBC	Closed
7 15/09	8/9	Signals and Tech Type workstreams to feed back to Task Force their views on the treatment of demand raised in the Backgrounds workstream	GM, Amo		Nov/Jan meeting	Open
8 15/09	12	Contact the Abs v Rel workstream if there are other views for a case for change	Task Force		Oct/Nov meetings	Open
9 15/09	12	Contact the Abs v Rel workstream with thoughts/questions	HH		Oct meetings	Open
10 15/09	13	All workstream leads to create a high-level timeline and action plan for each workstream	Workstream leads	Timings to be collated by CP to create a longer-term Task Force road map	Meeting 9 (11 Oct) if possible	Open



Actions from Meeting 7.5

<u>ID/ date</u>	<u>Agenda Item</u>	<u>Description</u>	<u>Owner</u>	<u>Notes</u>	<u>Target Date</u>	<u>Status</u>
1 18/08	2	Backgrounds Case for Change to be shared with the Task Force for review and comment	JS		Mtg 8	Closed
2 18/08	2	Consider using initial workstream proposals as alternative format for information to stimulate stakeholder feedback.	Task Force	Discuss in Next Steps of Mtg 8 based on what's shared	Mtg 8-10	Open
3 18/08	4	Ownership and timings defined for the OTNR Sub-Group closure report	JS	Closure Report to be shared with TF once complete (NP @ESO)	October	Open
4 18/08	7	For completeness, Task Force members not present at Mtg 7.5 are to provide their view on progressing the Reference Node case into a modification proposal	EB, DS		1 Sept	Closed



Actions from Meeting 7.5

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5 18/08	7	A one-page report for the Charging Futures website to summarise the reference node modification plans and individuals involved.	JT	To also reflect any further views not captured at TF meeting 7.5 and provided as part of action 4 above.	November	Open
6 18/08	7	Draft modification proposal to be raised.	JT		Mid-Oct (JT to advise)	Closed
7 18/08	7	BAU update to TCMF with ESO/Propose to agree who will present the Reference Node proposal to relevant TCMF.	JT, CP	Topic to be added to TCMF Oct agenda	Oct TCMF	Closed
8 18/08	8	Co-ordinate with project leads about deliverables ahead of Mtg 8	JS	Check whether the Backgrounds workstream scope of work includes scaling as a consideration	30 Aug	Closed



Actions from Meeting 7.5

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9 18/08	8	Share draft 'negative scaling' modification proposal with the Task Force to review prior to submission	JS/MC	JT and Backgrounds workstream to link with this project for updates	Q4 2023	Open
10 18/08	9	Review the current modification tracker for a version to feature in future Task Force meetings or shared for visibility.	JS, CP, DS, EB	An overview to alert workstreams of mods to consider	Mtg 8	Open



Open Actions from Meetings

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1 27/07	3	Consider whether updating the 'pseudo-CBA approach' to scaling factors is currently feasible with the data available and whether case for change should include the analysis from the consultants	JT	Consider as part of Backgrounds case for change	Mtg 8	Open
2 27/07	3	Provide a viewpoint as to the extent to which scaling factors currently mitigate volatility	Frontier/LCP		Mtg 8	Open
3 27/07	3	Consider whether backgrounds are complicating understanding of how charges work or a necessary element of the cost reflectivity of the model.	Task Force		Mtg 8	Open
6 27/07	5	Review past calculations for sharing to provide a recommendation for what work would be feasible now	Frontier/LCP	Information shared by SL 28 Jul	Mtg 8	Open
7 27/07	5	Consideration of renewables in sharing (wind vs wind, treatment of solar).	Frontier/LCP	JS to assess information needed	Mtg 8	Open



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8 27/07	5	Exploration of turning off sharing to see impacts on final charges and volatility	Frontier/LCP		Mtg 8	Closed
9 27/07	8	Consider calculating using a 5 year average rather than current 5 year method	Frontier/LCP		Mtg 8	Closed
11 27/07	8	Consider the information available to share with consultants & TF re: potential new ESO products and impacts on FPN, and possible new data input modification	JS		TBC: updates can follow after final internal reviews of proposed products	Open
12 27/07	8	Absolute values to be shared for the impact of using FPN only on Year Round components of the tariff.	Frontier/LCP	Material impacts possible for different scales of plant	Mtg 8	Open
13 27/07	8	Contact DNOs for information on key assumptions used in their Wk 24 forecasting.	JS, NW		Mtg 8	Closed



Open Actions from Meetings

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14 27/07	8	Consider aligning Week 24 data with the SQSS change and move to gross demand.	JZ		Mtg 8	Open
15 27/07	8	Contact TOs for a view on what data inputs could be more regularly updated (re: locational tariff calculations) with a material impact and their view on revenue being deferred for a year	JS, NW	Will form part of wider Data Inputs workstream and discussion	Ongoing	Open
5 26/06	3-7	Can indicative monetary values be provided for the impacts of the different backgrounds on differently-sized projects.	Frontier/LCP		Mtg 6-10	Open
7 26/06	3-7	Additional analysis shared on metrics used to compare volatility between actual and estimated charges.	Frontier/LCP		Ongoing – Frontier	Open need a steer on what is required



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10 26/06	3-7	Bring together the Task Force representatives and the ESO SQSS Review team (when in a position to do so) to discuss potentially parallel/overlapping interests.	JS, SS to explore with BD	To feed into case for change if required	Ongoing	Open
11 26/06	8-10	Consultants are to explore the questions raised on zoning	Frontier/LCP	Considering what adding more zones would do to the existing Ref. Node work? Clarity needed around the definition for zones & differing from sharing factors. Frontier to provide additional note for pack?	Ongoing	Open
12 26/06	8-10	Revisit ESO work on embedded generation in relation to the transport model and share with the Task Force if relevant	JS & NW	To consider as part of distributed generation element work package	Ongoing	Open



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14 26/06	12	Task Force members are to engage industry colleagues and stakeholders and feed back at the next virtual meeting (incl. substantive effects on other work)	Task Force	TF decision on format and whether workstream proposals will serve this purpose	Ongoing	Open
1 26/04	1	Provide update on recruiting Non-Domestic user reps to Task Force	JS & NW	Discussions ongoing for a named rep. Non-Domestic Supplier forums updated by JS	Ongoing	Open
8 26/04	7	Further work on design vs cost reflectivity to be presented at Mtg 6	JS & NW	Feedback from legal and SQSS to be shared by JS via feed into case for change relating to Backgrounds	Mtg 8	Open
10 26/04	7	Investigate more granular data sources for DNO embedded distribution to support the methodology & analytics	JS	Need TF to identify the data needs before exploring sources (part of Distributed Generation work)	TBC	Open