

CMP288 Workgroup (Post send back)

04 December 2023
Online Meeting via Teams

WELCOME



CMP288 Authority Send Back Letter

<https://www.nationalgrideso.com/document/288366/download>

NGET views on CMP288 Ofgem Send Back

December 2023

nationalgrid



1. Proposed categories of charges: definitions and scope (1/2)

“We believe the proposed categories of costs - ‘project capital and non-capital costs’, ‘financing costs’ and ‘price control performance costs’, as well as the categories of charges forming part of these, ought to be better defined...”

“The FMR should be clearer on how the proposed types of costs relate to the existing categories of costs currently forming part of the connection charge and whether those costs considered under the proposal align with or extend the range of cost types which a user could face”

NGET view:

- We believe the scope of what could be charged for is already well established in the CMP288 proposed legal text. However we can further review this with the workgroup to ensure the definitions are as understandable/precise as they can be.
- However – the full scope of TO costs (i.e. the inputs that form the CUSC charges) are a matter for TO Charging Statements, noting Ofgem review and approve any infrequent changes made.
 - The interplay between TO Price Controls/cost bases and CUSC charges is not something Users should have to navigate; there is a role for ESO via charge calculators and guidance.
 - Other charges in Section 14 do not have exhaustive break-downs/calculations to deal with this complexity (e.g. Connection Charges). We should be consistent.

1. Proposed categories of charges: definitions and scope (2/2)

“It is unclear how the “additional costs incurred by Transmission Owners and TNUoS liable parties” are to be defined and what the scope of the costs envisaged is.”

“It is unclear how the level of costs will be defined to ensure these additional costs remain within reasonable bounds. In order to add to the level of detail and transparency, we believe that further clarification is required in the FMR with respect to the categories of costs and the predicted range of charges.”

NGET view:

- As Ofgem say in their letter, it is difficult to accurately profile order of magnitude for the costs compromising a delay/early use charge as each project is different. The input variables (e.g. duration of the customer’s requested delay) will also differ.
- Would it be more appropriate to provide real-life examples to Ofgem confidentially as part of the FMR submission?
- The purpose of the modification is to ensure User-request driven costs do not form TNUoS charges, nor Connection Charges in accordance with existing One-off works provisions. E.g. the modification deals with costs *related* to delivering a User connection but which cannot or should not comprise a Connection Charge – as already defined in CUSC Section 14.

2. Reinforcement works assessment

“We are unsure of the charging arrangements which would be in place in the event that wider reinforcement works (i.e., asset development needed to enable multiple connections) are carried out. Clarity is also needed on whether the proposed charges and costs (e.g., related to de-mobilisation and re-mobilisation of contractors) consider any knock-on impact to other planned outages where other works were scheduled to take advantage of the planned transmission works and also need to be delayed.”

NGET view:

- The purpose of the modification is to ensure that where a single User makes a decision to delay works, that other Users (as well as the TO) who comprise shared works are not unfairly or unreasonably impacted.
- NGET's own TO Charging Statement methodology states that works will continue as contracted where the most economic/efficient thing for end consumers/other Users is for the TO to continue works as-is (i.e. rather than delay as per the User's request) – the CMP288 solution can elaborate on this.
- We can work with the workgroup to clarify these wider points though.

3. Consistent application across TOs

“It is not clear from the FMR how the proposal aims to ensure the charges are aligned across the three TOs and respective geographical regions. This should be clarified in order to avoid creating undue regional differences which might have a distortionary effect on the market. We encourage the TOs to work together to align industry practices to ensure consistent treatment of customers”

NGET view:

- We totally agree that transparency is needed for how each TO's costs are applied in Delay Charges. Scottish TO colleagues were aware of CMP288 and were satisfied with the approach. Perhaps more reassurance is required; we will raise this with them again.
- Assuming though that the CUSC sets clear *charging principles* to which the TO's costs should align, isn't the underlying detail a matter for each TO via their Price Control and Charging Statements? TOs are not parties to the CUSC.
- Are there alternative mechanisms outside CUSC to ensure the Onshore TOs and ESO ensuring on-going charge alignment where appropriate (STC mod?)?
- There are known differences in the three Onshore TO Price Controls which will naturally lead to 'acceptable' inconsistencies (i.e. Ofgem allow them). We do not believe it is appropriate for CMP288 to manage this, though the solution may need to elaborate on it.

4. Clarity with regards to scope of application

“The modification is seeking to change the current wording of the CUSC to make more explicit what one-off charges involve. The current CUSC section deals with how the existing one-off charge is established. The FMR states that exhaustive breakdown and explanation of these cost will continue to be contained in the Charging Statements. It is, however, unclear how the Proposal will set out the CUSC direction to be followed in the case of existing projects (i.e., projects commenced prior to the implementation of the proposed modification). We believe further clarity with associated justification on the scope of application of the proposed modification is needed, specifically in relation to any application of changes to existing contracts”

NGET view:

- **Ofgem will be aware that these types of charge have been levied in the past (and charged for) and continue to be levied, particularly in NGET’s TO region.**
- **This is because (in our view) a reasonable interpretation of the existing One-off Works charge provisions can be reached to factor incremental costs resulting from User requests to delay/speed up their connection.**
- **Due to an historic charging dispute it was agreed that a modification to CUSC was required to make the Delay Charge concept more explicit in Section 14.**
- **Consequently, our view is that this modification merely elaborates/clarifies existing Section 14 charging provisions – it does not create something new.**

5. Magnitude of costs: examples

- We believe indicative examples which demonstrate the magnitude of costs incurred, e.g. when a User-initiated delay / backfeed has arisen in the past, could serve as a useful guide for further assessment of the Proposal by Ofgem.
- This will need to be done confidentially, with high level guidance (or a charge calculator?) provided separately to Users to support mod implementation if Ofgem approve CMP288.



Terms of Reference

Ren Walker – ESO Code Administrator

Terms of Reference

Insert table from Terms of Reference Template or show word document separately – one of goals of first meeting is to get agreement from Workgroup of Terms of Reference

Workgroup Term of Reference	Location in Workgroup Report (to be completed at Workgroup Report stage)
Proposed categories of charges: definitions and scope	
Reinforcement works assessment	
Consistent application across TOs	
Clarity with regards to scope of application	
Magnitude of costs: examples	
Consider ongoing Connections Reform and the impact this has on implementation	



Objectives and Timeline

Ren Walker – ESO Code Administrator

Proposed Timeline for CMP288

Insert end to end timeline – format is your choice but you will need to call out what each Workgroup is seeking to do (as without that, hard to see if it is achievable and the goal is to get agreement from Workgroup) and talk through it

Milestone	Date	Milestone	Date
Workgroup 15,16 and 17	04 December 2023 23 January 2024 19 February 2024	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	18 July 2024
Workgroup Consultation	04 March – 25 March 2024	Panel undertake DFMR recommendation vote	26 July 2024
Workgroup 18 and 19	15 April 2024 10 May 2024	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	30 July 2024
Workgroup report issued to Panel (5 working days)	23 May 2024	Final Modification Report issued to Ofgem	7 August 2024
Panel sign off that Workgroup Report has met its Terms of Reference	31 May 2024	Ofgem decision	TBC
Code Administrator Consultation (15 Working Days)	03 June – 24 June 2024	Implementation Date	10 days following decision



Any Other Business

Ren Walker – ESO Code Administrator



Next Steps

Ren Walker – ESO Code Administrator