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2024 Revenue and Charging Forum

Q&A Summary – 17/09/24 & 24/09/24

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Purpose	To summarise the questions asked as part of the 2024 Revenue and Charging Forums
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Introduction

Two Revenue and Charging Forums were held in September 2024: an in-person event on 17 September and an online event on the 24 September.

The following questions were asked, and answers provided during the forum Q&A sessions:

TNUoS Tariffs

#	Question	Answers
1.	Does NGESO analyse accuracy of previous forecast tariffs against outturn tariffs? If so, is there an average variance value that can be shared?	<p>All our forecasts, following the April 5YV publication do show what has changed since the previous publication.</p> <p>The tables file with the Final tariffs publication in January will show how some tariffs changed throughout the annual tariff calculation cycle.</p> <p>For the variance value, please see the slide used for Question 8 below.</p>

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2.	Your guidance document link on page 28 ALF, results in a 'Page not Found'	<p>The link should take you to the following document: https://www.neso.energy/document/215466/download</p> <p>We intend to update the slides to reflect this before sharing on the website.</p>
3.	Who pays the TNUoS charges? Is it just the generators or the DNOs/ IDNOS?	<p>It's generators, suppliers and direct connected demand. DNOs/IDNOs don't pay TNUoS.</p>
4.	Are there any plans to look at reducing TNUoS in North Scotland? It's heavily affecting the profitability of a new development.	<p>Since the forum took place, Ofgem have published an open letter relating to this question here.</p> <p>In the letter Ofgem are seeking industry action to develop a temporary intervention to protect the interests of consumers by reducing the uncertainty associated with projected future TNUoS charges.</p> <p>As part of the letter, Ofgem encouraged NGESO (now NESO) to raise a code modification proposal to mitigate these challenges and reduce investment uncertainty.</p> <p>A proposal was outlined at TCMF on 3 October and further work on a modification will continue. Please follow updates on this one as part of the CUSC modifications process.</p>
5.	Can you share how TNUoS charges for co-located sites (two different technologies) work	<p>Currently the power station is charged according to the predominant fuel type.</p> <p>It is worth noting that CMP316 may change this and is currently with Ofgem for a decision.</p>
6.	slide 19 - what is "triad"?	<p>This was covered in slide pack. Please see slide 45.</p>
7.	Just to confirm DNOs and IDNOs don't pay TNUoS?	<p>Correct, DNOs/IDNOs don't pay TNUoS. (see question 3 above)</p>
8.	Would it be possible to add a slide that shows how the	<p>Please see additional slide, page 144, in appendix.</p> <p>This has TNUoS Revenue / Cost movements over past 5 years.</p>

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	value and distribution of charges (slides 7, 17 & 18) has changed over time?	
9.	Please could you confirm if you intend to publish another 10 year TNUoS projection?	<p>Whether we can provide a longer term TNUoS tariff forecast next year is something that we are still evaluating. It's a bit more complicated next year as we cross over into the next TO price control period (RIIO-3) for the tariffs that we will be publishing, and our timetable is already likely disrupted by the timings of the RIIO-3 parameters being set.</p> <p>We will continue to look at whether this can be done but it's important to note that there is also other work looking at a Cap and Floor modification for TNUoS that looks to provide more certainty of the charge in the longer term. See Q4 above.</p>
10.	How are charges affected by new large electricity users connecting to the grid? And does it matter if they connect directly to Transmission or to a DNO/IDNO?	<p>Please see slide 42, which shows how the TDR charges are calculated. A new site would adjust the proportions in the table for all Bands. The impact would be more pronounced with higher voltages and bands.</p> <p>If this is related to the costs/benefits of a Transmission or DUoS connection for an individual customer, this would be a commercial decision for the customer in question.</p>
11.	Are there any slides on embedded benefits for TNUoS and how it works for domestic vs business bands?	<p>Locational Embedded Benefit for HH users is explicitly paid in the form of the embedded export tariff payment, for domestic and smaller NHH business users the embedded benefit is seen through netting of the NHH volume between 4 and 7 pm</p>
12.	The locational demand 93 million shown on p38. Is this gross or net?	<p>Tariff is charged based on Gross Demand.</p> <p>£93m is the net total revenue, after allowing for the £19m paid for the Embedded Export Tariff.</p>

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13.	Believe there will be a TCR rebanding exercise - will this come into effect from April 26?	Yes. For distribution connected sites the band boundaries were submitted to DNOs in April 2024 and DNOs should have provided the new residual banding for each sites to suppliers in June.
14.	The link to the guidance document for colocated generation TNUoS seems broken (slide 28), could you reshare the link / updated deck?	The link should take you to the following document: https://www.neso.energy/document/215466/download We intend to update the slides to reflect this before sharing on the website.
15.	The map of TNUoS zones shown is different to the July published map. Has there been an update to the zones and have any generation assets changed zones?	There have been no updates to the generation zones since the beginning of RII0-1. In 2017, the zone map used in the TNUoS forecast publications was redrawn, placing the existing zones onto the latest ETYS map and the maps within our publications have been consistent since then. However, there is no difference in the zones themselves to the version in the slide other than the colour of the zone numbers.
16.	Why are unmetered MPANs subject to a p/kWh rather than £/site/year charge?	Because there is such a large range of sizes of UMS inventories ranging from the Christmas lights for a small village to all of the street lighting in a large city. So, to avoid any incentive for more equipment to be connected to a single MPAN to reduce charges, it is levied as a p/kWh.
17.	How will MWHHS change TNUoS charging?	This is covered on slide 82 - i.e., for the vast majority no change.
18.	TNUoS forecast has been highly	Every input to our forecast is updated with new data from one 5YV to another, and they are heavily dependent on a number of things

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	<p>volatile (massive variation from one 5Y forecast to another). Can you explain why and if it will improve in the future?</p>	<p>including the generation mix that is in the TEC register, the latest FES forecast, and the best view provided by our connections team, in addition to updated revenue forecasts from the TO's. The methodology is subject to change and there are larger change projects underway that may affect the tariffs within the periods that we are discussing, which makes it hard to know what the impact of all these things will be on volatility of the forecast.</p>
19.	<p>How will demand tariffs change with MHHS e.g. the current two tariffs half hourly and non half-hourly?</p>	<p>This is covered on slide 82 - i.e., for vast majority no change.</p>
20.	<p>If we're moving to a centrally-planned generation mix and dispersion to meet Clean Power 2030, why continue to provide locational signals through wider tariffs?</p>	<p>It's a good question, and possibly we will see consequential modifications as a result of some of the changes that are coming with these longer-term changes to charging principals. Hard to provide more certainty of how things will look in future until some of these modifications and initiatives have run their course.</p>
21.	<p>How will MWHHS change TNUoS charging?</p>	<p>This is covered on slide 82 - i.e., for vast majority no change.</p>
22.	<p>How do you work out which TNUoS generation zone a new asset will be in? Is there a document detailing the methodology that is used?</p>	<p>For a new node, we use the principle set out within CUSC 14.15.144, i.e. we would look at its geographic proximity to existing zones (and the nodes within them) and if it is close to a boundary between zones then we would identify which zone has the most similar marginal costs to the new node.</p>

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23.	Does anybody else not see that TRIAD graph?	The graph should be clearer in the slides, apologies if it wasn't clear during webinar.
24.	Will triads apply to all HH settled customers following MHHS migration?	CMP430, which has since been approved by Ofgem, seeks to avoid this happening by continuing to charge domestic and whole current metered non-domestic users on the 4-7pm (NHH) methodology.
25.	For the Demand Tariffs, Embedded Export Tariffs, is there a way to search which zone a site falls in by post code?	All DNOs have a "search by postcode" for confirmation of DNO area on their website. Example below from the ENA (Electricity Networks Association); - Who's my network operator? – Energy Networks Association (ENA)
26.	Will REMA impact TNUoS zone charges?	Until the changes under REMA are fully apparent, it's difficult to say exactly what impact they will have on TNUoS tariffs and charging methodologies. In some REMA scenarios there would be an impact on TNUoS zones but it's too early in the REMA process to state clearly what these will be.
27.	Is it possible to make the TNUoS DNO banding available via API?	TDR tariffs are published via the Data Portal here: Transmission Network Use of System (TNUoS) Tariffs National Energy System Operator (neso.energy) The band boundaries are only updated for each TO price control period. If you require additional information to be published on TNUoS banding please contact us at Tnuos.queries@nationalenergyso.com For further information on API, please see attached Guidance. https://www.neso.energy/data-portal/api-guidance This page provides further details on the Data Portal's application programming interface (API) for users who wish to write code to access information from the Data Portal site.

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28.	Why are DNO's not providing data at Mpan level?	For consistency with other data NESO receives for charging purposes, data is aggregated to Supplier/BMU level. As we do not have any control of banding allocation at distribution level it would be inefficient for us to receive and process data at that level of granularity.
29.	How do you work out which TNUoS generation zone a new asset will be in? Is there a document detailing the methodology that is used?	For a new node, we use the principle set out within CUSC 14.15.144, i.e. we would look at its geographic proximity to existing zones (and the nodes within them) and if it is close to a boundary between zones then we would identify which zone has the most similar marginal costs to the new node.
30.	Are TNUoS Voltage Bandings based on metered voltage or site supply voltage? My site has 33kV supply, but is metered at 11kV with 33 to 11kV being DNO managed equipment. Should I be in HV or EHV band?	<p>It is our understanding that DNO's have assigned bands based on metering voltage and site capacity.</p> <p>At a glance, with the metering being 11kV, it would appear to be an HV Band, with the exact band been dependent on Capacity.</p> <p>All site banding is done under the DCUSA methodology by the DNO.</p> <p>If you have any site banding queries, we suggest that you discuss it with your DNO in the first instance.</p>

TNUoS Billing

#	Question	Answers
31.	Will BESS be liable for demand charge?	Battery Energy Storage System (BESS) sites may be subject to locational demand charges if they were to consume during Triads. They are not liable for TDR if a Non-Final Demand Declaration (NFD) is submitted.

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32.	When a site closes - how long will it take for us to receive the final reconciliation bill?	Demand reconciliations are reconciled twice (Initial & Final). Initial Demand reconciliation is completed in June for charging year + 3 months. Final Demand reconciliation is completed in Autumn for charging year + 18 months.
33.	Regarding DNOs/IDNOs not sending Data Mpan level, could you kindly clarify why?	For consistency with other data NESO receives for charging purposes data is aggregated to Supplier/BMU level, as we do not have any control of banding allocation at distribution level it would be inefficient for us to receive and process data at that level of granularity.

AAHEDC

#	Question	Answers
34.	Is there a reason that AAHEDC isn't reconciled up to RF like BSUoS and TNUoS?	The key difference between BSUoS & TNUoS is that AAHEDC and its charging arrangements are set out in our licence rather than the CUSC. Also, as it is not locational, is applied to consumption across all periods and is a relatively small charge there is no reconciliation.

Public Connections

#	Question	Answers
35.	During the connection charges section, please could you explain / provide context how repowering a site may impact this?	<p>This would be considered by the TO at the time of the modification application, once the details for the repowering are known.</p> <p>For example will there be a change of capacity, an increase in fault levels etc.</p> <p>Ordinarily transmission assets have a technical life of around 40 years, so it may be possible to continue to use the existing connection assets, and the charge would continue.</p> <p>If not, the assets may need to be replaced, which could result in a termination charge (if assets not fully depreciated) and connection charges would be payable on the new assets</p> <p>If this does not answer the question, please contact us at transmissionconnectioncharging@nationalenergyso.com.</p>
36.	How is TOPI calculated, can it be future calculated for forecasting?	<p>We take the CPI-H rate averaged from May to Oct from the current year from the Office of National Statistics, and then divide it by the average of the same period from the previous year.</p>
37.	Is it possible for DNOs to pay for Super Grid Transformers (SGTs) and other connection assets through annualised charges, and	<p>Yes, it is possible. NESO currently charge a large number of DNO's for their assets through annualised charges. It is for the DNO's to determine how they then pass the costs on to their embedded customers.</p>

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	pass onto Embedded customers?	
38.	Why are we consistently seeing GAVs for connection assets are higher than the values in the statement of transmission owner charges?	<p>NESO use the exact rates published in each of the 3 TOs charging statements, in their billing for the next year.</p> <p>If you have a specific example, please contact us at transmissionconnectioncharging@nationalenergyso.com.</p>

BSUoS Tariffs

#	Question	Answers
39.	Could you confirm how storage (batteries) is treated when it comes to BSUoS charges?	CUSC modification CMP281 initially changed the way that batteries were charged BSUoS so that the energy taken off the system was not chargeable, just the energy that was put back onto the system. A follow-on modification CMP308 then changed it again to largely remove BSUoS charges from generation entirely so that if a battery submits a Non-Final Demand declaration, it is not liable for BSUoS charges. Without a declaration, it will be liable. BSUoS is charged on final demand only now.
40.	Are BSUoS tariffs ultimately passed on to the energy consumer then?	Yes, suppliers would ultimately include the costs of BSUoS as part of their own costs, so the charges for this would ultimately be passed on to consumers.
41.	What are the practical implications of	The value of the interest will essentially be factored into a future tariff so that NESO does not make any money on this.

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	including the legacy license term to enable the NESO to repay interest on over-recovery within the 2023/2024 year?	
42.	Will the £16m shortfall in NESO costs be recovered via BSUOS future tariffs? If so, which period is likely to include it?	The article in utility week is somewhat misleading, this is not new money that will need to be recovered through BSUoS, it's just an amount of money that will be moved from one period to another because of NESO day 1 going back. There should be no impact on overall recovery through BSUoS to the value stated. There may be some minor adjustments to the values recovered due to some additional time where we have been required to run some activities in parallel due to NESO day 1 day going back, but not to the magnitude mentioned in the Utility Week article.

BSUoS Billing

No questions.

STAR

#	Question	Answers
43.	Is there a name of the file replacing the BPA file? Is it just STAR backing data? Will there be an alternative to receiving backing data	<p>We are just referring to it as the backing sheet for the invoice. The definition document for the file is available at the following webpage under "STAR Billing System Guidance"</p> <p>https://www.neso.energy/industry-information/charging/charging-documentation</p> <p>There is no alternative to e-mail. But we can customise who in your organisation receives the invoice and backing data.</p>

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	rather than email?	
44.	Could we ever see NESO taking the same approach as DNO/IDNOs sending supporting data via industry gateways?	We are interested to understand which industry gateways are being referred to here. Please can you contact us at TNUoS.Queries@nationalenergyso.com if you raised this, or if you have any views on this request. We would then need to consider it alongside the workplan for STAR.

Other

#	Question	Answers
45.	Will the additional £16m of costs for the NESO delay noted in utility week be levied on suppliers? If so in which charges?	The article in utility week is somewhat misleading, this is not new money that will need to be recovered through BSUoS, it's just an amount of money that will be moved from one period to another because of NESO day 1 going back. There should be no impact on overall recovery through BSUoS to the value stated. There may be some minor adjustments to the values recovered due to some additional time where we have been required to run some activities in parallel due to NESO day 1 day going back, but not to the magnitude mentioned in the Utility Week article.
46.	You mentioned carbon capture and storage, is this part of NESO's mandate?	Please find below an extract from the Government announcement on the creation of NESO: "As part of this, NESO will take a cross-sector approach to planning the country's energy system in the best interests of the British public - looking across electricity, gas and hydrogen, as well as renewable generation, storage and other emerging technologies like carbon capture usage and storage." New publicly owned National Energy System Operator to pave the way to a clean energy future - GOV.UK (www.gov.uk)

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47.	Where can we find the LEI and EIC Codes for set up	<p>Below is a link to a page on our website for EIC codes. Nothing changes in relation to EIC codes as a result of our becoming NESO. There is also an e-mail address on this page in case of any queries.</p> <p>https://www.neso.energy/lto-eic-codes</p>
48.	Please can I enquire which contacts at Suppliers will have received the comms on NGESO changing to NESO and the need to change bank detail/contact changes?	<p>It was sent to our billing contacts. The communication provided a link to the following page on our website.</p> <p>https://www.neso.energy/what-we-do/helping-our-customers-get-ready-neso</p>
49.	Will we have access to these slides after the call - thank you!	<p>Yes, preliminary slides were circulated prior to the event. Final slides and recording will be added to the website post event</p>
50.	We have seen a huge increase in electricity bills. The supplier says it is simply a switch of UoS charges between gen and supply and should net off?	<p>I think the first thing to note is that from a consumer electricity bill perspective, the Use of System (UoS) charges, and certainly the Balancing Services Use of System (BSUoS) component within that, is a small part of a household electricity bill.</p> <p>When comparing UoS/BSUoS to other things like wholesale electricity costs (the costs which suppliers incur for purchasing the electricity they sell on to consumers) the large increases that we have seen over recent years have mainly been driven by the wholesale electricity costs.</p> <p>Regards the netting off part of the question, that's correct, the charge is now recovered almost entirely from suppliers and final demand. Generators should no longer be factoring BSUoS into their costs.</p>

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		<p>There were a number of changes to charging on 1 April 2023 that may be driving the increase you have seen:</p> <ol style="list-style-type: none"> 1. BSUoS was changed to only charge suppliers, so an effective doubling (approx.) for demand. Market prices should have reflected this change, but not possible to see given overall volatility in market prices. 2. TNUoS demand moved to being mostly (c97%) collected by a site daily charge which has impacted users differently depending on their band and consumption pattern.
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