Public

Meeting Summary – Workgroup 1

Meeting name: CMP432 Improve "Locational Onshore Security Factor" for TNUoS Wider Tariffs.

Date: 29/01/2025

Contact Details

Chair: Sarah Williams, sarah.williams@nationalenergyso.com

Proposer: John Tindal, john.tindal@sse.com

Key areas of discussion

Modification Process

The Chair presented the meeting agenda, which included an overview of the code modification process, workgroup responsibilities and timeline whist emphasising the urgency of this modification and the need for faster progress.

Rationale for TNUoS Charges

The Proposer shared the presentation, focusing on the rationale behind the modification and the importance of reflecting incremental costs in network reinforcement.

The Proposer explained that the principle of charging should reflect incremental costs rather than the existing network security. Noting that because security is already in place, the argument that people should therefore pay for it is not a valid justification on its own and the focus should be on price signals that reflect incremental security costs and not just the presence of security.

A Workgroup Member advised costs should reflect incremental usage, not total capacity, to ensure accurate pricing. Noting the focus should be on maximising the existing system before expanding, and security costs should only be added if truly necessary.

A Workgroup Member raised concerns about the SECULF Model and whether it accurately reflects yearly changes and infrastructure needs. Advising to focus on optimising the existing network instead of automatically adding new circuits and recommended a clearer approach to costs as shifting between different cost models is very complex.

The Proposer raised concerns with the lack of transparency in how security is calculated, as the methodology and key data are not accessible. Further explaining how the SECULF Model assumes that longer circuits increase security, but this may not be accurate in practice and without access to the necessary calculations, it is difficult to verify these assumptions and fully understand their impact.

The Proposer asked if NESO could share their SECULF Model and this was taken as an action.

Proposers Solution

The Proposers solution focused on finding a cost reflective security factor that accurately applies to both peak and year-round charges. Two main options were considered: removing the security factor entirely and letting the model determine the impact or adjusting the factor based on past usage.

The Proposer examined the West Coast bootstrap and other network reinforcements as examples to understand security impacts. Particularly regarding boundary transfer capacity and security factors.

Terms of Reference

The Workgroup reviewed the Terms of Reference, with the Proposer providing initial thoughts on each item.

The Proposer advised it would be helpful to get input from Transmission Owners to better understand how network reinforcements work in practice.

The Chair presented the Terms of Reference (TOR) ensuring that all key points and potential amendments were considered.

Security Factors Discussion

The Authority Representative stated that there needs to be a clear approach to how bootstraps are charged, especially in relation to zoning and their interaction with existing methodologies. Emphasising that most of the transmission system is not made of bootstraps, so any changes should be considered in the right context without losing sight of the overall system.

The Authority Representative advised NESO to share whatever it can whenever it can in relation to how security factors are calculated as transparency is critical.

The Authority Representative noted NESOs perspective on the operation of the model as it is today and how we get from that SQSS piece to a revised DCLF model to 1.76 will be helpful to the Workgroup.

The Authority Representative noted that the decision on this modification needs to be made before the decision on CMP444, which is currently expected in early July. Acknowledging that the Final Modification Report (FMR) Should arrive in good time, likely in April.

The Proposer highlighted the need to clarify "average incremental cost." Instead, of calculating the exact incremental cost for each user, the model applies a generalised approach

Next Steps

The Chair advised that the aim is to get the Workgroup Papers and Summary circulated to members by the end of the week.

NESO will advise which Workgroup a representative from the Tariffs team can attend.

Actions

For the full action log, click here.

Action Number	Workgroup Raised	Owner	Action	Due by	Status
1	Share the SECULF model with the work group to enable replication of the calculation.	ND	29/01/2025	WG2	Open
2	Submit written arguments detailing the implications of the security factor on network reinforcement and incremental cost, including perspectives on whether it implies an ever-growing N minus number.	Proposer / PJ	29/01/2025	WG2	Open
3	NESO to speak to teams internally to request industry access to VBA code within the Transport and Tariff Model	ND	29/01/2025	WG2	Open
4	Share the Consultant's report	Proposer	29/01/2025	WG2	Open
5	Liaise with the Chair of CMP444 to ensure modifications are running in alignment.	Chair	29/01/2025	WG2	Open

Attendees

Name	Initial	Company	Role
Sarah Williams	SW	NESO Code Governance	Chair
Prisca Evans	PE	NESO Code Governance	Tech Sec
John Tindal	JT	SSE	Proposer
Neil Dewar	ND	NESO	NESO Representative

Paul Mott	PM	NESO	SME
Paul Youngman	PY	Drax	Workgroup Member
Damien Clough	DC	SSE	Proposer Alternate
Paul Jones	PJ	Uniper	Workgroup Member
Alan Kelly	AK	Corio Generation	Workgroup Member
Binoy Dhari	BD	EDF	Workgroup Member
Giulia Licocci	GL	Ocean Winds	Workgroup Member
Hector Perez	HP	SP Renewables	Workgroup Member
Paul Jones	PJ	Uniper	Workgroup Member
Simon Lord	SL	Engie	Workgroup Member
Tom Steward	TS	RWE	Workgroup Member
Andrew Urquhart	AU	SSE	Observer
Kyle Murchie	KM	Roadnight Taylor	Observer
Loukas Papageorgiou	LP	RWE	Observer
Zariha Rafiq	ZR	NESO	Observer