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## Meeting Summary – Workgroup 7

**Meeting name:** CMP432 Improve “Locational Onshore Security Factor” for TNUoS Wider Tariffs.

**Date:** 13/03/2025

### Contact Details

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

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

### Key areas of discussion

The Chair outlined the agenda for the meeting, which included reviewing the action log, discussing the Workgroup Consultation responses and reviewing the legal text.

#### Timeline Concerns

The Workgroup Members expressed concerns about the urgent timeline for the modification, with a Workgroup Member suggesting that OFGEM should be informed that the Workgroup cannot do a proper job in the given time frame.

The Workgroup Members discussed the accelerated timeline, arguing that it might not allow for a proper and thorough examination of the security factor and its implications.

The Authority Representative shared their opinion that the urgent timeline for the modification might be too ambitious and that a thorough investigation of the SECULF model could take a long time due to its commercial impact.

The Authority Representative raised concerns that the expansion constant model took about five years to complete, suggesting that the security factor modification might be too ambitious to complete as an urgent modification in a few weeks.

A Workgroup Member expressed support for the urgent timeline, stating that many others in the work group also support it. They believe that the modification is logical and necessary to address a significant problem promptly.

The Proposer reaffirmed that the modification should continue to follow the urgent timeline as previously outlined.

#### Consultation Responses

The Chair summarised the consultation responses, highlighting the mixed views on the proposal, concerns about the timing, and the need for more information on the SECULF model.

#### Key Points from Consultation Responses

- Several respondents supported setting the security factor to one as a conservative measure until further analysis can be conducted. Some found the Trident analysis compelling, suggesting a value closer to 0.7.
- Many respondents believe there is insufficient information available regarding the SECULF model, raising concerns about the lack of transparency and clarity.

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- Concerns were raised about the potential increase in tariffs for northern generators and the overall impact on tariffs for different types of generation and demand.
- There were mixed views on whether pricing should reflect incremental cost, average cost, or a combination of the two. Some respondents believe that price signals should reflect the incremental cost, while others raised concerns about maintaining consistency in the charging framework.
- Several respondents suggested that further analysis is needed to determine the appropriate value for the security factor and to assess the impact on different technologies, including batteries.

**Note that:** These points provide a more comprehensive overview of the consultation responses and the key concerns raised by the respondents. For a more detailed understanding, please refer to the full consultation responses.

### SECULF Model Discussion

The Authority Representative emphasised that the security factor proposal should have aimed at questioning the number 1.76 and the methodology behind it, rather than suggesting the system is already secure and setting the factor to one. They shared their view of the number being questionable and suggested it should be revised and updated through a separate modification proposal.

The Authority Representative highlighted the commercial impact of the proposal, noting that it could have a tremendous impact on tariffs and consumers.

A Workgroup Member raised concerns that the security factor is not one in certain network locations, which needs to be addressed.

The Workgroup Members discussed the lack of transparency and clarity in the SECULF model, with suggesting more information and training is needed.

The Workgroup Members discussed the potential impact of the modification on existing generators, with concerns about the commercial impact and the need for a proper investigation.

The Workgroup Members discussed the need for a tariff impact analysis, suggesting a focus on the five-year forecast and the potential impact on different technologies and locations.

The Authority Representative mentioned that OFGEM has a tradition of rejecting retrospective applications. This means that any decision made by OFGEM will not cover historical applications. They emphasized that whatever the decision is, it will not be applied retrospectively.

### Legal Text Review

The Proposer presented the proposed changes to the legal text, including the removal of the locational security factor and the hardcoding of the local security factor to 1.76.

The Proposer explained the rationale behind the treatment of remote island links in the legal text, highlighting the need to address the issue of single-route HVDC subsea circuits.

### **Next Steps**

Reshare the Excel document with the questions around the SECULF model to capture any additional questions.

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## Actions.

For the full action log, click [here](#).

Action Number	Workgroup Raised	Owner	Action	Due by	Status
13	Confirm internally with NESO if independent auditing is an option.	ND	14/02/2025	Ongoing	Open
15	Organise a Teach-in with a NESO SME to explain the Security Factor calculation	ND	14/02/2025	Ongoing	Open
16	Collate the Workgroup members list of questions for NESO to provide detailed responses to each question listed.	Chair	14/02/2025	Ongoing	Open
22	Review the 'applicable objectives' section on the Workgroup Consultation where the responses were No or N/A and feedback Workgroup members.	Chair	13/03/2025	WG8	Open
23	Analysis on the longer-term impact on tariffs and modelling.	ND	13/03/2025	WG8	Open
24	Highlight the comment from the Battery company on impact on different technologies in the Workgroup Consultation.	Chair	13/03/2025	WG8	Open
25	Re share the questions collated for NESO to gather any additional requests before they are answered.	Chair	13/03/2025	WG8	Open
26	Send a new Workgroup member the legal text amendments that were sent to the Workgroup last week.	Chair	13/03/2025	WG8	Open

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27 Remote Island links- Investigate why they are not built with redundancy, unlike onshore to onshore. (Legal text) Proposer / SSE 13/03/2025 WG8 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
Damian Clough	DC	SSE	Proposer Alternate
Neil Dewar	ND	NESO	NESO Representative
Als Scrope	AS	Northland Power	Workgroup Member
Alan Kelly	AK	Corio Generation	Workgroup Member
Paul Jones	PJ	Uniper	Workgroup Member
Barnaby Cowin	BC	Blue Float	Workgroup Member
Chiamaka Nwajagu	CN	ORSTED	Workgroup Member
Giulia Licocci	GL	Ocean Winds	Workgroup Member
Hector Perez	HP	SP Renewables	Workgroup Member Alternate
Paul Jones	PJ	Uniper	Workgroup Member
Paul Youngman	PY	Drax	Workgroup Member
Andrew Urquhart	AU	SSE	Observer
Sinan Kufeoglu	SK	OFGEM	Authority Representative
Tom Steward	TS	RWE	Workgroup Member
Zahira Rafiq	ZR	NESO	Observer