

Meeting report

Meeting name	Transmission Charging Methodologies Forum
Date of meeting	Wednesday 14 th June 2017
Time	10:30 – 13:00
Location	National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA

Name	Initials	Company
Rob Marshall	RM	National Grid (Chair)
Urmi Mistry	UM	National Grid (TCMF Technical Secretary)
Damian Clough	DC	National Grid (Presenter)
Jo Zhou	JZ	National Grid (Presenter)
Caroline Wright	CW	National Grid (Presenter)
James Anderson	JA	Scottish Power (Presenter)
Laurence Barrett	LB	EON
Daniel Hickman	DH	NPower
Simon Vicary	SV	EDF Energy
Garth Graham	GG	SSE
Aled Moses	AM	Dong Energy
Mark Duffield	MD	National Grid
Nicola Fitchett	NF	RWE
Peter Bolitho	PB	Walters Wye
Paul Youngman	PY	Drax Power
Kate Dooley	KD	Energy UK
John Tindal	JT	SSE
Charlie Friel	CF	Ofgem
Sean Hennity	SH	Ofgem
Colin Prestwich	CP	Smartest Energy
Joanna Tomsett	JTo	SSE
Natalie Cole	NC	Cornwall Insight
Chris Veal	CV	Transmission Investment

All presentations and supporting papers given at the TCMF meeting can be found at:
<http://www2.nationalgrid.com/uk/Industry-information/System-charges/Electricity-transmission/Methodology-forum/>

1 Modifications and CUSC Panel Update – Caroline Wright, National Grid

1. Ongoing CUSC modification proposals were presented with updates/ information for each, including any decisions made by the Authority.
2. GG raised a point on CMP261 that the special CUSC panel for this modification may be postponed to the 20th June to align with CMP268. It was noted for CMP271 and CMP274 that an open letter was being created for each of these modifications and the two letters will be published out to industry with the aim to summarise workgroup ideas so far.
3. Feedback was sought from attendees on a new format presented by CW, where an attendee said that it was much better and easier to read.

2 CUSC Panel Elections – Caroline Wright, National Grid

4. An overview was given of the CUSC Panel, the process of election and commitments that election to the panel would require. It is anticipated that the invite to nominate will be sent out in the next few weeks and this will include the finalised timetable.
5. PB (Peter Bolitho) mentioned the process for defining materially impacted parties did not cover all three aspects of nomination, voting and rights to raise a CUSC Modification and that these are treated as separate processes. And noted that this issue was brought to light through CMP268, as the confusion caused frustration for participants involved, therefore the process should be streamlined for nomination purposes.
6. CF noted that this process has been tested recently and so there is work being done to determine the appropriate way to assess materially impacted party applications and Ofgem are giving thought to providing guidance. Attendees welcomed ways in which smaller parties could participate but questioned whether the process was carried out on a case by case basis or if there was a blanket approach.
7. AM raised a query that there seems to be no correlation between the number of votes and the size of a company. CW confirmed that each individual organisation on the CUSC Schedule 1 could nominate and vote regardless of whether the organisation was part of a wider and larger parent organisation and agreed to take this away.

3 Interconnector Cap and Floor Arrangements – Damian Clough, National Grid

8. DC gave a summary of the modification proposal regarding Interconnectors (ICs) and implementing licence changes that have already occurred. The changes required to comply with Licence changes are for ICs to provide data to the System Operator (SO), as this process is detailed within the STC (which ICs are not signatories of) it was recommended to place a mirror of this process within the CUSC. This gives practical effect to the licence changes and allows data to feed into tariff forecasts.
9. The recommendation provided was to send this straight to code administration consultation. An attendee asked why the process itself was detailed in the STC and not a 'user-facing' code, this led to the observation more widely that there are many things in the STC which should be included in more 'user-facing' codes.
10. It was clarified that this modification was a 'copy and paste' exercise, where an attendee challenged that the better course of action may be to remove it from the STC and put the process within the CUSC only. However, another attendee made the point that OFTOs are not signatories of the CUSC and that the STC governs the relationship between SO and TO and so the process needs to remain in there. There was some debate around this point.

11. The last consideration raised by attendee was whether European Code changes such as TSOG ((Transmission) System Operation Guideline) and GLDPM (Generation and Load Data Provision Methodology) were being considered. As these changes may have data provision guidance and so it would be more efficient to make changes at the same time. This area would be taken away by National Grid to consider further.
12. The discussion then led to the differences between the Cap and Floor regime and the TO price control and the fact that this modification was also being raised to cover the IFA 'Use of Revenue' scheme.

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Generator Demand TNUoS Charges and Generator Import BSUoS Charges – James Anderson, Scottish Power

13. Two potential modifications were presented, that are being proposed following Ofgem's Targeted Charging Review (TCR) which highlighted that residual charges are not intended to be cost-reflective and should serve only to cover TNUoS revenue in a fair way that reduces distortion. The modifications presented were as follows:
14. Introduction of a Generator Demand TNUoS Charges:
 - i. This modification aims to address the defect that there is potential for storage users to contribute more towards residual cost recovery than other users. To avoid potential discrimination this modification could cover both storage and generation users.
 - ii. The proposal is to create a new generator demand TNUoS charge. As some demand locational charges are quite negative, which may create a perverse incentive to take demand at triad, the suggestion is to floor this element at 0.
 - iii. The aim is to take this to CUSC Panel on the 30th June, as Ofgem indicated in their TCR that these modification could be raised sooner than the TCR. An area of debate was raised that in section 8 of the TCR, it talks about storage whereas this modification proposal includes generation so as not to discriminate.
 - iv. An attendee questioned whether CMP271/274 would negate the need for this modification. JA noted that there would be a greater need for this modification due to the increased exposure of generation to a commoditised generation residual charge.
 - v. Another attendee mentioned that Ofgem are going to release their decision about the TCR in the very near future, so would it be prudent to wait until this has been published before submitting this modification. CF confirmed that the decision will not be released with the next two weeks (before the next CUSC Panel) and so thought needs to be given as to how this will align with the decisions made. It was then discussed that even though this is in line with the direction given in the TCR, decisions from the consultation are not yet out so it may be best to delay until July.
15. Removal of a Generator Import BSUoS Charges:
 - i. This aims to support Ofgem's view that 'the current charging regime means storage will pay more BSUoS charges than its competitors providing similar services' by creating an exemptible storage BMU term.
 - ii. An attendee pointed out that other generation would still need to pay these charges and so the proposed title of the modification needs to be changed to state storage only.
 - iii. Another attendee mentioned to the proposer to look into GC0096, as this is looking to define storage and so it would be better to remain consistent

across codes. Discussion went on to consideration that storage generally imports more than it exports therefore a net position could be considered.

5 TNUoS Demand Tariffs in Scotland – Jo Zhou and Damian Clough, National Grid

16. There is a potential opportunity to improve the current methodology on cost-reflectivity. For 2018/19 tariff, the 5 year forecast has returned some oddities in the north of Scotland where demand tariffs are coming back quite high. Generation tariffs are usually higher in Scotland due to generation generally flowing from North to South. However, demand tariffs should be lower in Scotland as it's locational element is the inverse of generation.
17. Due to the increase in embedded generation compared to demand in the north of Scotland, the cost reflectivity signal of the locational tariff is being distorted when applying the methodology to calculate zonal tariffs. The way the tariffs are calculated, they are aggregated by zones therefore this has introduced unusually high tariffs due to importing and exporting GSPs netting off each other. This modification is not saying that the tariffs are wrong just that the underlying maths may be incorrect. Therefore the proposed solution aims to rectify this.
18. An attendee asked for clarity as to whether this would apply to all GB grid supply points and this was confirmed by National Grid. There was also a question as to whether the title of the mod needs to be amended to reflect that it is the calculation that needs to be addressed to provide further clarity. This then led to a discussion on the differing impact on NHH and HH customers, which the solution should address.
19. An attendee also suggested that if this mod were raised with urgency that consideration to wider analysis on all zones and how this issue manifests in other parts of the network should be considered. DC confirmed that this is being looked at with the aim to future proof any recommendations.
20. It was then discussed as to whether this change would affect both the transport and tariff model. DC explained that at present, just the tariff model was being considered; however there was an option to include the transport model depending on how the defect is defined. An attendee pointed out that this felt like a 'sticking plaster' approach and whether more mods would be needed in urgent timescales in the future. Lastly, it was stated that the nodal signals were correct, the error occurs when these are turned into tariffs.

6 AOB – Rob Marshall, National Grid

21. There was no other business raised by attendees.

7 Next meeting

Next meeting: Wednesday 12th July 2017

Time : 1030 (unless otherwise notified)

Venue : National Grid House, Warwick (unless otherwise notified)