

Transmission Charging Methodologies Forum



Wednesday 8th July 2015

Introduction and Welcome



Paul Wakeley

Agenda

- 11:00 Introduction – Paul Wakeley
- 11:10 CUSC Modifications update – Juliette Richards
- 11:25 Update on CMP241 implementation – Damian Clough
- 11.40 Update on TNUoS Charging Web Page Changes– Dave Corby
- 12.00 Investment Ahead of TEC (Delay / Backfeed) – John Brookes, National Grid
- 12.20 Update on judicial review (Transmit) and update on exporting GSPs – Andy Wainwright
- 12.40 Capital contributions for transmission connection assets – Nigel McManus, Eneco
- 13.10 AOB and close

Ongoing modification proposals



Juliette Richards

Ongoing modification proposals page 1 of 4

■ **CMP223: Arrangements for Relevant Distributed Generators Under the Enduring Generation User Commitment**

- The modification was sent back to the CUSC Panel and hence has been re-worked.
- Review voting took place at the May CUSC panel and the proposal is now with Ofgem – decision expected July 2015.



■ **CMP227: Reduce the G:D split of TNUoS charges, for example to 15:85**

- The Workgroup reported to the May CUSC Panel, and the Code Administrator consultation closed on 25th June.
- Review voting will take place at the July CUSC panel.



Ongoing modification proposals page 2 of 4

- **CMP235 / CMP236: Introduction of a new Relevant Interruption Type / Clarification of when Disconnection Compensation payments can be expected under a Relevant Interruption**
 - The CUSC Panel voted on this modification in May and the report has been sent to Ofgem for decision.
 - A decision is expected by Summer 2015.

- **CMP237: Response Energy Payment for Low Fuel Cost Generation**
 - The Workgroup reported to the May CUSC Panel.
 - Code Administrator consultation has now closed, and the review voting will take place at the July CUSC Panel.



Ongoing modification proposals page 3 of 4

■ **CMP239: Grandfathering Arrangements for the Small Generator Discount**

- The Code Administrator consultation for this proposal closed on 22nd May 2015.
- The CUSC Panel voted on this proposal in June, and the proposal has gone to Ofgem for decision.



■ **CMP242: Charging arrangements for interlinked offshore transmission solutions connecting to a single onshore substation**

- This proposal will report back to the CUSC Panel in September.
- 3 Workgroup meetings have taken place so far, and the Workgroup Consultation is expected to be published shortly.



Ongoing modification proposals page 4 of 4

- **CMP243: A fixed response energy payment option for all generating technologies**

- This proposal will report back to the Panel in September.
- 1 Workgroup has taken place so far.



- **CMP244: Set final TNUoS tariffs at least 15 months ahead of each charging year**

- This proposal will report back to the Panel in November.
- 2 Workgroups have taken place so far.

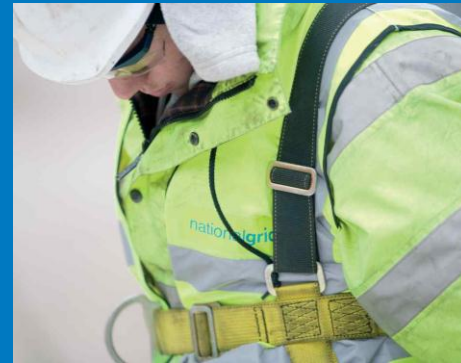


New modification proposals

- **CMP245&246: Introduction of a new ‘category 5 Intertripping Scheme’ to include System to System intertrips in relation to One-off Charges**
 - These proposals were raised at the June CUSC Panel.
 - The proposer requested that these proposals are treated as urgent, the Panel decided by majority vote note to request urgency for this modification.
 - 1st Workgroup in the process of being organised for July / August.
 - Please contact the CUSC team If you would like to join the Workgroup.



Update on Implementation of CMP241



Damian Clough

Background to CMP241

- Implemented in April 2015 to prevent Suppliers being charged both NHH and HH charges for the same meter installation, due to BSC Mod P272
- The Ofgem decision document for CMP241 can be found at <https://www.ofgem.gov.uk/publications-and-updates/connection-and-use-system-code-cusc-cmp241-tuos-demand-charges-during-implementation-p272>
- How will we prevent double charging?
 - All meters by default in Measurement Classes E-G will be treated as NHH
 - However for those meters which are in this class before 1st April 2015 a Supplier can opt for those meters to be treated as HH

Next Actions

- Draft guidance note (will be circulated) with the aim of sending out final revised version within the next few weeks
- First deadline for action from Suppliers
 - **30th September 2015.** Provide National Grid with a list of meters which transferred before 1st April 2015 which they would like to be treated as HH
 - **1st June 2016.** Provide National Grid with daily metering data for 4-7pm for the whole charging year (15/16) for the meters listed above

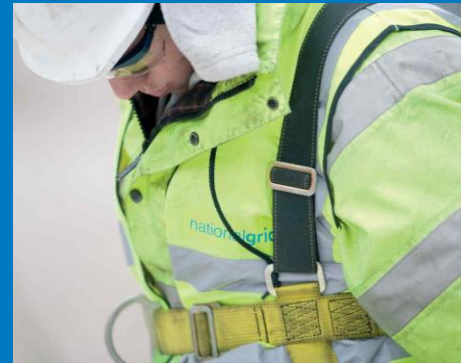
P322

- P322 extended the Implementation date of P272 to April '17 from April '16
- CMP241 as currently worded gives the option for those meters which transfer before 1st April 2016 to be treated as HH for the following year using the same process as mentioned earlier
- The process is manual which for ~3000 meters is appropriate and workable
- However risk exponentially increases and is unmanageable for ~90000 meters

Way forward

- National Grid intend to raise a CUSC modification to remove the optionality for the second charging year
- The timescales involved mean that this does not need to be an urgent modification
 - The modification needs to be in place before the start of the next charging year 2016/17

Update on TNUoS Charging Web Page Changes



Dave Corby

TNUoS Charging Page Changes

■ Tools and Data webpage used to hold:

■ Notifications of Tariffs Changes,

■ Guides and Tutorials,

■ Historical Tariffs,

■ Triad Data,

■ Generation Zoning Reviews and

■ miscellaneous other files.

■ It was often used to publish open letters

Tools, Data and Documents

This page contains information to help customers understand National Grid's charges including:

- The DCLF ICRP Transport Model
- Notification of tariff changes
- Guides and tutorials
- Historical tariffs
- Triad dates
- Tools
- Generation zoning reviews

DCLF ICRP Transport Model

National Grid publishes the DC Load Flow Investment Cost Related Pricing (DCLF ICRP) Transport Model which allows users to undertake their own sensitivity analysis of generation and demand tariffs under different scenarios.

For more detailed information on the DCLF ICRP, please see Chapter 2 of The Statement of the Use of System Charging Methodology in Section 14 of the CUSC.

If you would like a copy of the DCLF ICRP Transport Model, require further information on the charging methodologies and principles or have any other charging enquiry, please contact our Charging Team at charging.enquiries@nationalgrid.com or at

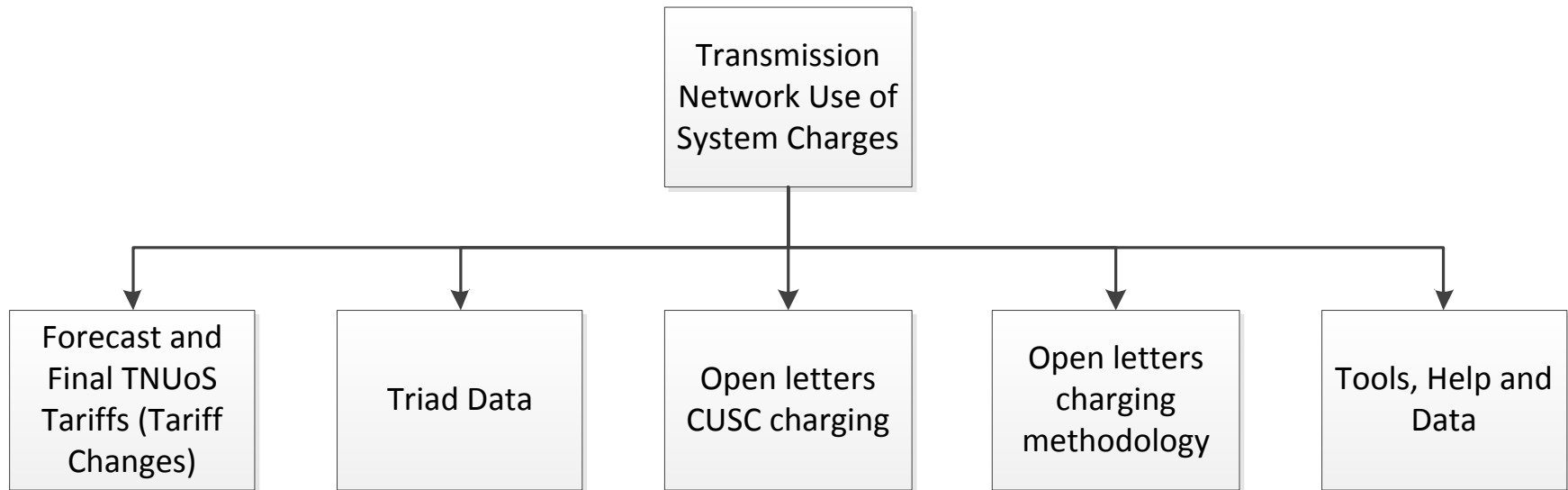
National Grid
 150 Oak Tree Way
 Gallows Hill
 Warwick
 CV34 6DA
 01926 654633

Notifications of Tariffs Changes

This area contains the notifications that National Grid is required to make prior to updating TNUoS tariffs

Date	Description	Download	File Size
29 Oct 2014	150 Day Notice for 2015-16 Charges	Download	18 KB
31 Jan 2014	Final TNUoS Tariffs 201415	Download	5376 KB
31 Jan 2014	Table of Tariffs 1415	Download	30 KB
20 Dec 2013	Draft TNUoS Tariffs in 2014-15	Download	5358 KB
06 Nov 2013	150 Day Notice for 2014-15 Charges	Download	25 KB

New Structure



- Easier to navigate
- More direct links to content
- Less `scrolling down`

Next Steps

- Improvements to the TNUoS Charging Pages is not a one-off project.
- We aim to provide continuous improvement, based on the feedback from our stakeholders.
- We would welcome your feedback.
- Feel free to send feedback to me at David.Corby@nationalgrid.com

Charging for Customer requested Delay and Backfeed



John Brookes

Engagement

June 2014
National Grid open letter

2014
National Grid customer seminars

February 2015
Ofgem determination

June 2015
National Grid open letter

Background

2008
CEC before TEC

**Connection date
delay**

Backfeed

**In addition One-off costs may also be
incurred, for example de/re-mobilisation**

Comments to Date

- Charges in line with CUSC principles
- Potential for One-off Charges is predictable
- More clarity required to predict that National Grid would apply a Charge where CEC before TEC is not specifically requested
- More information needed in BCAs
- Many parties felt a CUSC modification not necessarily required

What we are doing

Guidance document published

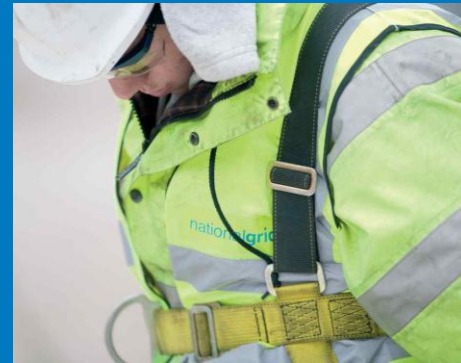
Bilateral discussions

CUSC modification

[Link to guidance document](#)

John Brookes
john.brookes1@nationalgrid.com
01926 653737

CMP213 Judicial Review Update



Andy Wainwright

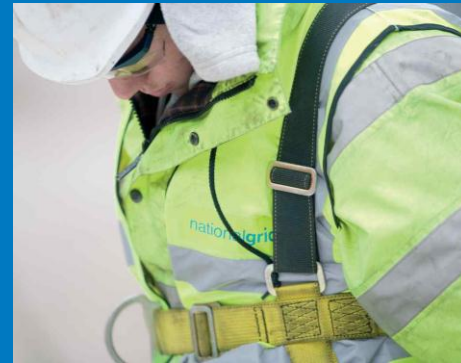
Update

- Hearing took place on 1-2 July

- No judgement handed down yet
 - Possibly by 31st July; if not potentially September

- Section 15 Wider cancellation charge liability
 - ‘CMP213 Judicial Review Window’
 - Update letter when judgement handed down

Potential options for TNUoS charging arrangements for exporting GSPs



Andy Wainwright

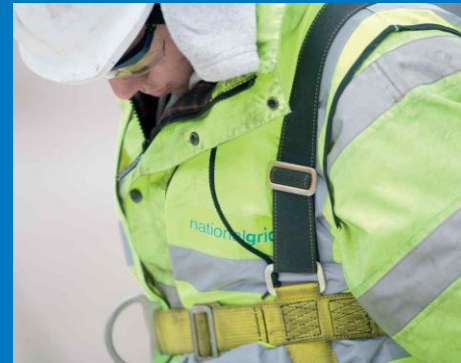
Update

Analysis now complete

*Consultation expected to be out later
this month*

*Please let me know if you would
like to discuss*

Capital Contributions for Transmission Connection Assets



Nigel McManus (Eneco UK on behalf of LZN Ltd)

CUSC Mod proposal

By Eneco UK on behalf of LZN Ltd



Background



- Lochluichart is a transmission-connected wind farm connecting to the Grudie Bridge-Beauly 132kV line in Scotland. It is owned by LZN Ltd which is itself owned by Eneco UK.
- Before commissioning LZN Ltd opted to pay the (post vesting) connection asset charge on an annual basis. The plant has been in commercial operation for over 18 months.
- Company and project circumstances change over time and Eneco has now approached National Grid with a view to making a capital contribution to replace the ongoing connection charges and to reduce the level of operational security required.
- The CUSC is silent on this specific matter and for this reason Eneco would like to propose a CUSC Mod to address what amounts to a lack of customer choice in respect of its financing arrangements for the connection assets.



Connection charge options

Pre vesting assets are those that were commissioned before 30 March 1990;

Post vesting assets are those commissioned thereafter.

Each connection incurs:

- non capital costs, site specific maintenance and transmission running
- capital costs to cover, inter alia, construction, engineering, IDC and return on capital.

At commissioning, the choice for connecting parties is to make a contribution towards the capital component of the transmission connection assets (outright or in part) or to effectively lease the asset on the basis of RPI indexation and straight line depreciation over 40 years.

A few years ago, Eneco elected not to make capital contributions when signing the Bilateral Connection Agreement.



Suggested CUSC defect

- In **clause 14.3.10** of the CUSC it states that “a capital contribution based on the allocated GAV **at the time of commissioning** will reduce capital”.
- **Clause 14.3.22**, sets out the **User choice** of making 100% capital contribution towards their allocation of a connection asset then no capital charges will be payable (and the residual connection charge is then based on site specific running costs).
- The CUSC allows for and indeed encourages customer choice in a variety of other ways.
- The Eneco view is that connected parties should be able to make different decisions on capital contributions during the operational phase if circumstances change (whether foreseen or unforeseen).
- Indeed, the greater the degree of capital contributions made the lower the risk on the transmission operator and ultimately the consumer.



Next steps

- One of the objectives of the CUSC is to facilitate effective competition in generation and supply
- In respect of this issue, there is a hurdle in place which should be removed to provide some flexibility in responding to changing circumstances; as with many other aspects of User choice embedded in the CUSC
- This brief presentation is designed to gather the opinion of other members of the TCMF on the 8th July
- Depending on industry reaction, it would be is Eneco's intention to raise a CUSC Mod.

If you would like to discuss this topic please contact:

Nigel McManus, 07990 517775



Any Other Business

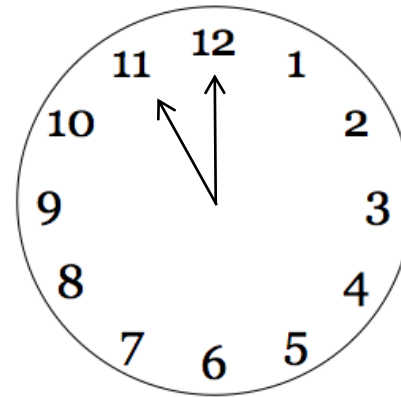


Next TCMF

September

9

Wednesday



Venue: National Grid House, Warwick

11am start

Future TCMF Dates

November

11

Wednesday

Venue: National Grid House, Warwick

We value your feedback and comments

If you have any ***questions*** or would like to give us ***feedback*** or share ***ideas***, please email us at:

cusc.team@nationalgrid.com

Also, from time to time, we may ask you to participate in surveys to help us to improve our forum – *please look out for these requests*

Close

