Welcome
Today’s Forum

- Modifications Update
- What has happened so far?
- Holistic Charging Review in more detail
- Flexibility call for evidence
- Longer term vision for Charging
Live Modifications

- **CMP261**
  - FMR published on the 30th of November.
  - Went to panel for voting at the end of November, awaiting a decision from the Authority.
  - Indicative timetable states Ofgem will conduct an IA or consultation, which will be published in early March.

- **CMP266**
  - FMR published on the 30th of November.
  - Went to panel for voting at the end of November, awaiting decision from the Authority.
  - Indicative date for decision 16th of January 2017.
Live Modifications

- **CMP271 & 274**
  - These mods were detailed at last month's TCMF meeting.
  - Currently at Work Group stage.
  - Terms of reference have been revised and approved by Panel.

- **CMP264 & 265 and CMP 269 & 270**
  - FMR Published on the 28th of November
  - Ofgem published an updated Open Letter on Friday 2nd of December ahead of the Capacity Market auctions.
  - Indicative timetable states that Ofgem will conduct an IA or consultation with a possible date for consultation of the end of February.
Live Modifications

- **CMP250**
  - Extension has been agreed by Panel to March 2017.
  - Post Work Group Consultation stage

- **CMP272**
  - Aligning Condition C5 of the CUSC to changes introduced by the Code Governance Review Phase 3.
  - Self Governance
  - Presented to CUSC Panel in December.
Decided Modifications

- **CMP267**
  - FMR published on the 23rd of November.
  - Ofgem have decided to reject this modification due to a lack of quantitative evidence.

- **CMP268**
  - Decision published on the 2nd of December.
  - Authority decision to direct that the modification report be revised and resubmitted due to the Authority being unable to form an opinion on the modification based on the information submitted.
Our Journey so far
Juliette Richards
Over 65 bilateral discussions with customers / stakeholders, and presentations at a number of industry forums

February - April

Interactive session with 30+ customers and stakeholders at the Transmission Charging Methodology Forum

March
Begin data analysis, considering what charges could look like under a ‘do nothing’ scenario

March - June

Advisor / member of EnergyUK report which publically advocates “a broad review”

March - June
Interim modification on Embedded Benefits – proposals received from EDF and SP (CMP264/265)

Quick Win: Deliver mod to facilitate elective HH metering (CMP266)

June - November

May - November
We publish our “Seminar Summary” detailing findings, including scope suggestions around ‘quick wins’, ‘holistic review’ and ‘long term’ options.

Over 160 Customers and Stakeholders attend our seminars in London and Glasgow.

July

August
Ofgem Open Letter on embedded charging - We advocate a holistic review

July - September

November TCMF: Plan for next steps, including stakeholder forum

November
Current industry work streams and charging interaction

Ofgem open letter on charging for embedded generation

BEIS: Flexibility call for evidence

Update letter on charging arrangements for embedded generation, CMP267/8 decisions

Expectation of publication from Ofgem in the area of charging for embedded generation – including allocation of sunk and fixed costs
Holistic Charging Review in more detail

Damian Clough
## Defining a way forwards

### Scope modules

<table>
<thead>
<tr>
<th>Module</th>
<th>Description</th>
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<tbody>
<tr>
<td>Aligning T&amp;D treatment of storage</td>
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### Immediate priority areas needing to be progressed in the short term
- Facilitating HH elective metering
- Zonal losses implications [CMA]
- Clarifying treatment of storage
- Embedded benefits quick fixes
- Market and Tariff forecasts
- RIIO T2 implications on charging forecasts

### These areas need to be considered in the next two-three years
- Treatment of sunk costs of transmission investment
- Coverage of embedded benefits
- Longer term treatment of storage
- Behind the meter
- Demand TNUoS (including Triad)
- Access Rights
- G:D (Generation Demand) Split
- Offshore local charges
- Longer term certainty in charging
- Treatment of new transmission investment
- User commitment

### These areas need to be considered in a longer time horizon
- What is included in BSUoS
- Harmonisation of T&D UoS charging arrangements
- Harmonisation of T&D connection arrangements
- Treatment of Interconnectors
- Aligning T&D treatment of storage
- Reflecting exporting GSPs
- Locational charging for generation
- DSO balancing costs

### Long term vision considerations
- Single network charge
- Market Splitting/ LMP

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**Charging Review scope item priorities**

These areas need to be considered in the next two-three years:

- Treatment of sunk costs of transmission investment
- Coverage of embedded benefits
- Longer term treatment of storage
- Behind the meter
- Demand TNUoS (including Triad)
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### Long term vision considerations

- Single network charge
- Market Splitting/ LMP
Scope modules are heavily interactive with Ofgem’s proposed targeted review.

The levers are highly interlinked.

[Diagram showing interlinked aspects of energy market reform, including DSO balancing costs, Offshore local charges, Harmonisation of T&D connection arrangements, etc.]

Current perceived embedded benefit work scope?
Scope modules are heavily interactive with Ofgem’s proposed targeted review.

The levers are highly interlinked.
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Our proposal for change

Immediate priority areas needing to be progressed in the short term

These areas need to be considered in the next two-three years

These areas need to be considered in a longer time horizon

Quick Wins

Industry Reform

Develop and implement long-term vision
Stakeholder Forum

Already being progressed

Strong interaction with Ofgem’s core scope

Long term stakeholder forum

TODAY 2 Years Time
Ofgem and BEIS jointly published the **Call for Evidence** on the 10th November.

Requests views and evidence in relation to a “smarter more flexible energy system”

Responses requested by 10th January 2017.
Key points for network charges

- Charging will need to change to accommodate moves towards DSO models. This includes short term and long term costs.

- The treatment of storage and other new assets will need to be considered in a holistic manner to allow them to participate in the market effectively.

- Connection charges and agreements may need to change to support flexibility/different methods of operation.
Our response will reinforce our view that a holistic review of network charging is necessary.
Any questions so far??
Lunch
Longer term vision for charging

Rob Marshall
Phased approach

Immediate priority areas needing to be progressed in the short term

These areas need to be considered in the next two-three years

These areas need to be considered in a longer time horizon

Already being progressed

Strong interaction with Ofgem’s core scope

Long term vision considerations

Long term stakeholder forum

Quick Wins

Industry Reform

Develop and implement long-term vision

Stakeholder Forum

TODAY

2 Years

Time
Establish stakeholder forum with industry to develop long term vision.

Stakeholder forum will deliver a route map of future market developments that are required to achieve the long term vision.

Route map of future changes will be fed into the steering group and individual industry codes.
Case study - Smart Grid Forum

- Smart Grid Forum established in 2011 to
  - Identify future challenges for electricity networks and system balancing
  - Guide industry development
  - Facilitate the exchange of knowledge within the industry and build stakeholder understanding

- 9 industry workstreams
  - Different leads for each workstream, including:

  ![BEIS (DECC)](image)
  ![Ofgem](image)
  ![DNOs](image)
  ![Energy Network Association (ENA)](image)
  ![Forum Members](image)
Case Study – EirGrid DS3

- Creation of a Steering Council
  - Lead the review of the market
  - Representatives across industry: networks, system operators, generators, suppliers, aggregators, government & regulation, banks etc.

Steering Council

Project management office (PMO)

- Central coordination and engagement on behalf of the steering committee

Workstreams

- Deliver workstreams defined by the steering committee
- Resources supplied across industry
What does a stakeholder forum look like to you?

- Break into groups of 5-7
- Feedback to room after each question

20min
- How should a stakeholder forum be structured?

10min
- What membership should a steering committee have?

20min
- What timelines should be worked to?
Next Steps
**Next Steps**

**Quick Wins**
- **Storage**: More info at Jan TCMF.
- **Forecasting**: March
- **CMA Losses**: January TCMF

**Holistic Review**
- Alignment with Ofgem’s targeted work
- Further analysis of Embedded benefits and treatment of sunk costs

**Stakeholder Forum**
- Look to progress early 2017
Next Meeting

Will be an 11am start unless otherwise notified.
We value 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.
Thank you and Any Questions?
Have a Merry Christmas