

Transmission Charging Methodologies Forum



8th of December 2016

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

Modifications Update

Urmi Mistry

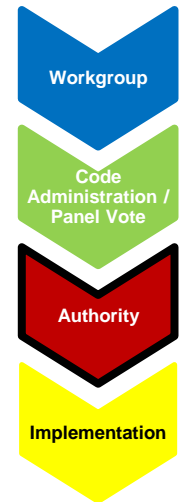
Live Modifications

■ 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.



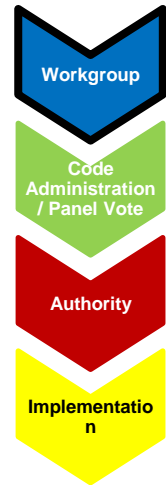
Live Modifications

■ 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


A photograph of an offshore wind farm with several white wind turbines on yellow and black foundations in the ocean under a blue sky with light clouds. The turbines are arranged in a line across the water.

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

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

June - November

GENERATION DEMAND	
33402	TOTAL EXT TRANSFER
36035	PUMPED STORAGE
2581	WIND
360	FRANCE
1564	NETHERLANDS
1996	NORTHERN IRELAND
1018	IRELAND
0	SCOTLAND
-434	
259	

GENERATION MIX		
COAL	6354	17.7%
GAS	16553	46.0%
NUCLEAR	7632	21.2%
OIL	0	0.0%
IMPORT	3015	8.4%
PUMPGEN	360	1.0%
WIND	1564	4.3%
WATER	490	1.4%

SYSTEM STATUS	
MAIN	ACTIVE
DRW	STANDBY
MAIN synch	ONLINE
DRW synch	ONLINE
SP dataLink	UP
SSE dataLink	Good
RTM status	HH (Summer)
Seasonal limit	
Dynamic stability	

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

May - November

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

July

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

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



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Holistic Charging Review in more detail

Damian Clough

Defining a way forwards

Scope modules

Aligning T&D treatment of storage	Zonal losses implications [CMA]	Offshore local charges	Locational charging for generation	Single network charge
Demand TNUoS (including Triad)	Access Rights	Longer term certainty in charging	Market and Tariff forecasts	Treatment of Interconnectors
Facilitating HH elective metering	Behind the meter	Market splitting (LMP)	Treatment of new transmission investment	Longer term treatment of storage
G:D (Generation Demand) Split	Reflecting exporting GSPs	Coverage of embedded benefits	Treatment of sunk costs of transmission investment	User commitment
Harmonisation of T&D UoS charging arrangements	Harmonisation of T&D connection arrangements	RIIOT2 implications on charging forecasts	What is included in BSUoS	

Charging Review scope item priorities

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

RIIOT2 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

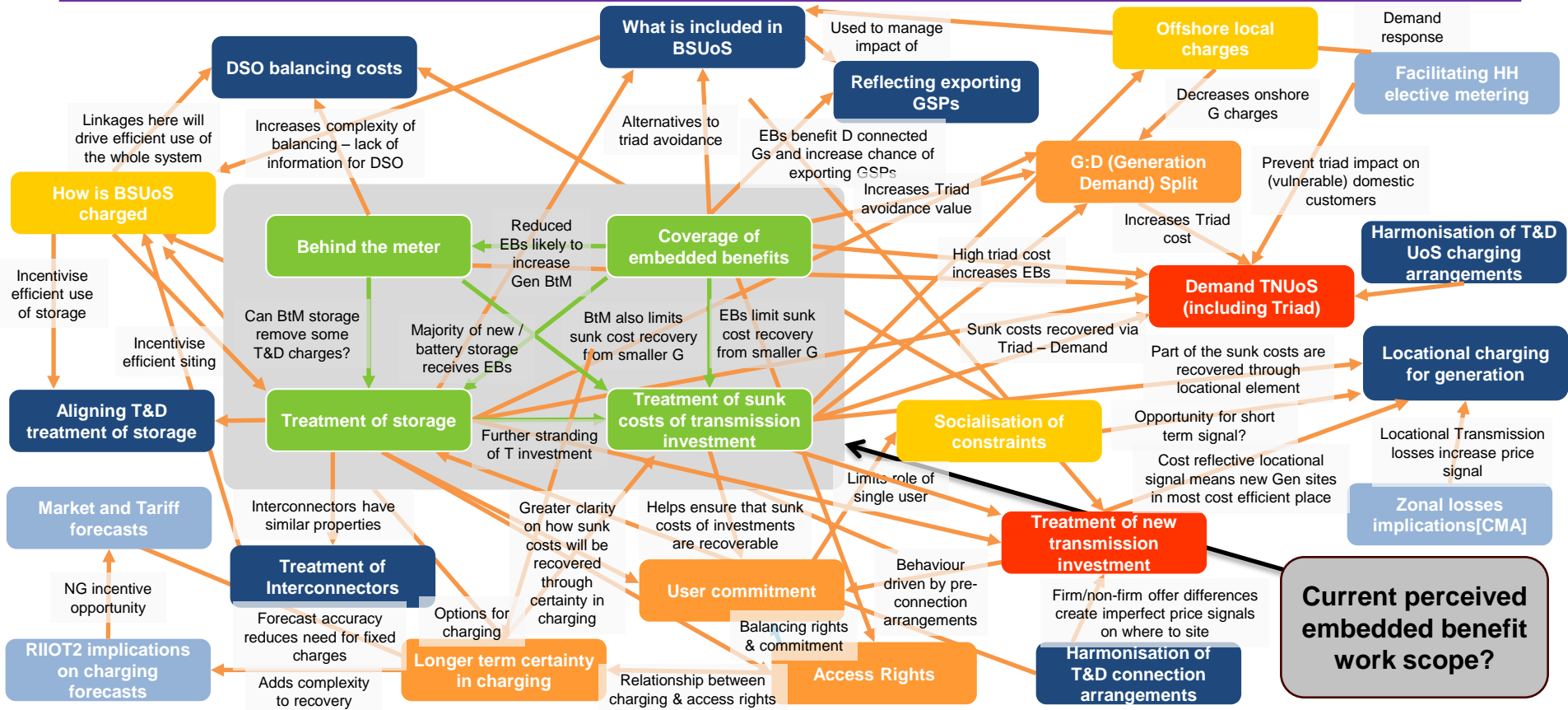
Long term vision considerations

Single network charge

Market Splitting/ LMP

Scope modules are heavily interactive with Ofgem's proposed targeted review

The levers are highly interlinked.



Charging Review scope item priorities

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

RIIOT2 implications on charging forecasts

Already being progressed

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

Strong interaction with Ofgem's core scope

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

BSUoS Charging

Harmonisation of T&D UoS charging arrangements

Harmonisation of T&D connection arrangements

Treatment of Interconnectors

Socialisation of constraints

Long term vision considerations

Single network charge

Long term stakeholder forum

Aligning T&D treatment of storage

Reflecting exporting GSPs

Locational charging for generation

DSO balancing costs

Market Splitting/ LMP

Our proposal for change

Immediate priority areas needing to be progressed in the short term

Already being progressed

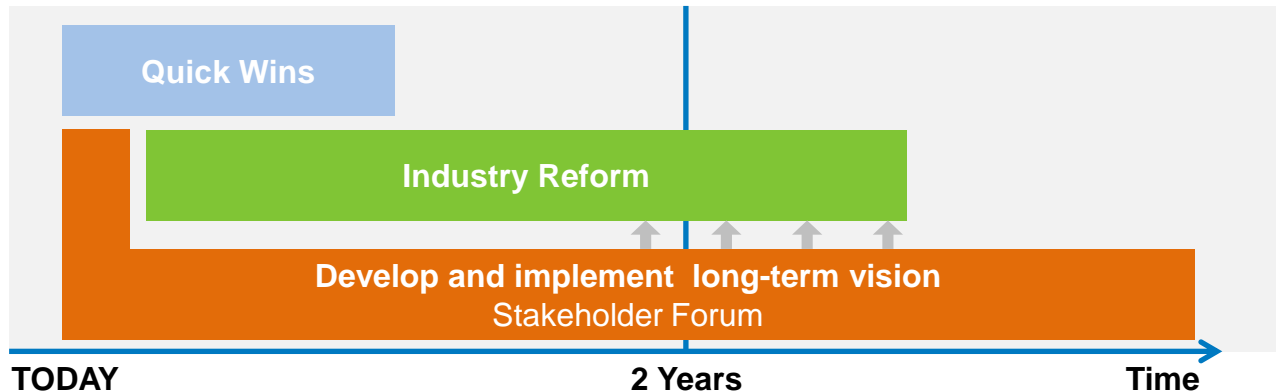
These areas need to be considered in the next two-three years

Strong interaction with Ofgem's core scope

These areas need to be considered in a longer time horizon

Long term vision considerations

Long term stakeholder forum



Flexibility Call for Evidence

Jon Wisdom

Flexibility – Call for Evidence

- 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.

Link to Charging Scope Items

Item	Scope Areas			
DSO Charging Models	How is BSUoS charged	DSO balancing costs	What is included in BSUoS	
Storage and other new assets	Treatment of storage	Aligning T&D treatment of storage		
Connection charges & agreements	Harmonisation of T&D connection arrangements	Access Rights		
Multiple Links	Reflecting exporting GSPs	Demand TNUoS (including Triad)	Treatment of new transmission investment	User commitment

- *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

Already being progressed

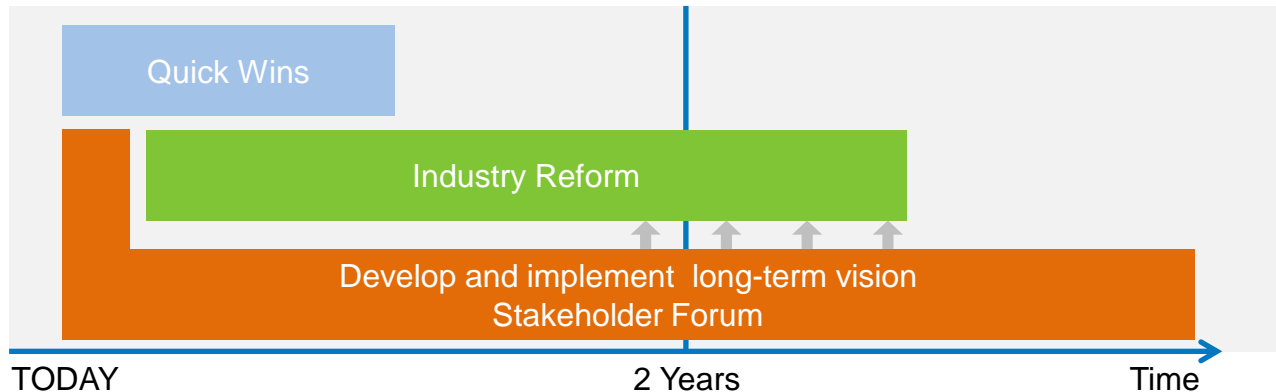
These areas need to be considered in the next two-three years

Strong interaction with Ofgem's core scope

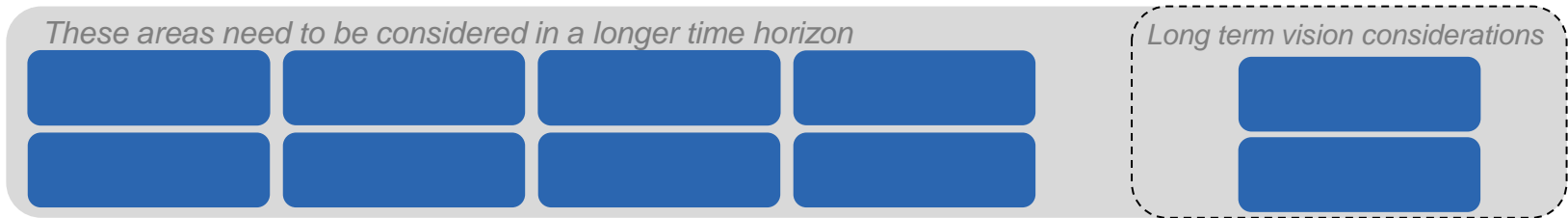
These areas need to be considered in a longer time horizon

Long term vision considerations

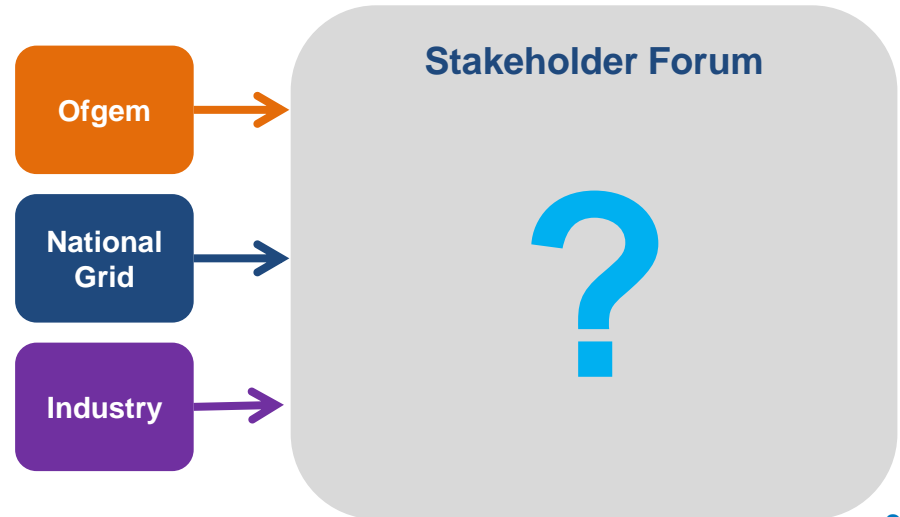
Long term stakeholder forum



Stakeholder Forum Develop and implement long-term vision



- 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)

Ofgem

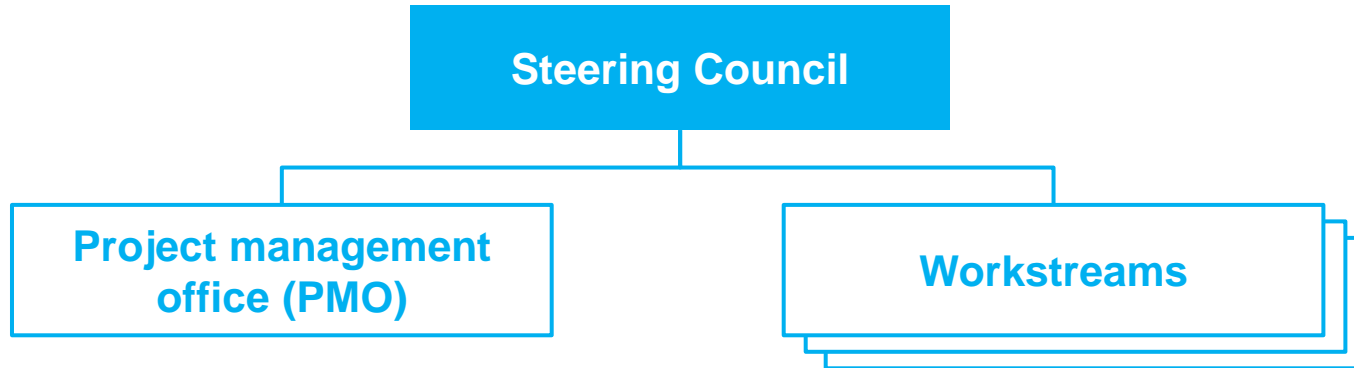
DNOs

Energy
Network
Association
(ENA)

Forum
Members

Case Study – EirGrid DS3

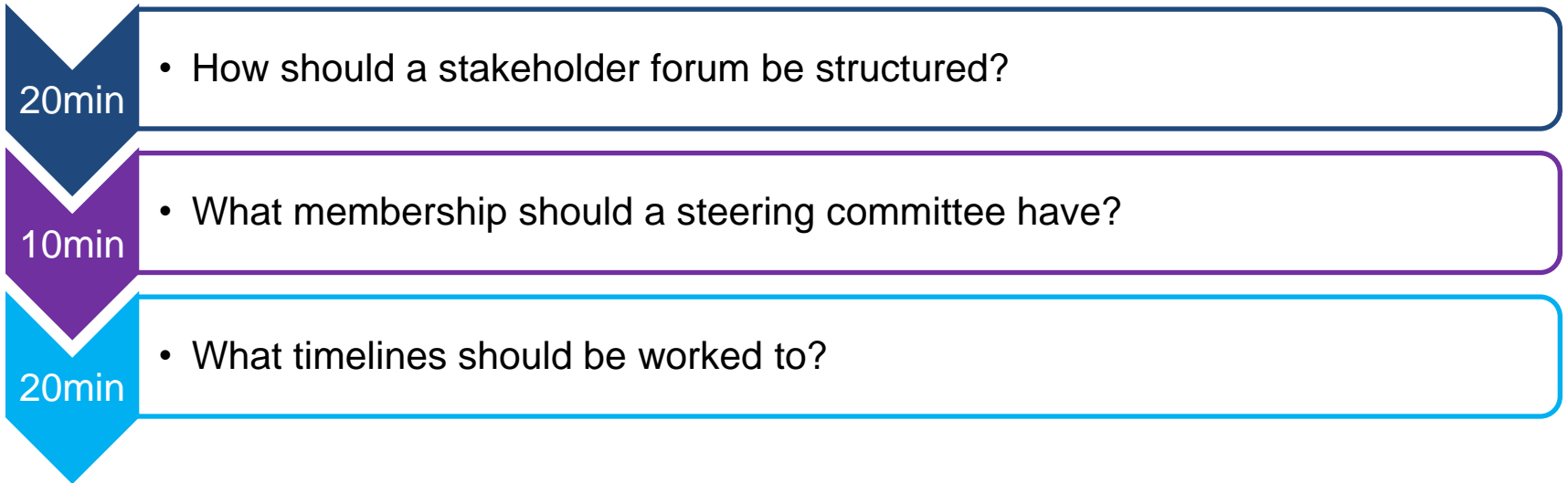
- Creation of a Steering Council
 - Lead the review of the market
 - Representatives across industry: networks, system operators, generators, suppliers, aggregators, government & regulation, banks etc.



- Central coordination and engagement on behalf of the steering committee
- 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



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

AOB

Next Meeting

January

11

Wednesday

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



Close

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