

Meeting report

Meeting name	Transmission Charging Methodologies Forum
Date of meeting	08 th December 2016
Time	10:00 – 14:15
Location	Ardencote- The Cumsey, Lye Green Road, Claverdon, Warwickshire, CV35 8LT

Attendees

Name	Initials	Company
Andy Wainwright	AW	National Grid (Chair)
Urmi Mistry	UM	National Grid (TCMF Technical Secretary)
Juliette Richards	JR	National Grid (Presenter)
Damian Clough	DCI	National Grid (Presenter)
Rob Marshall	RM	National Grid (Presenter)
Jon Wisdom	JW	National Grid
Nikki Jamieson	NJ	National Grid
Katie Hemus	KH	National Grid
Joe Underwood	JU	Drax
Mary Teuton	MT	VPI Immingham
Kyran Hanks	PB	Walters Wye Associates
Paul Jones	PJ	Uniper
James Anderson	JA	Scottish Power Energy Management
Siobhan McAdam	SM	ESB
Simon Vicary	SV	EDF Energy
Robert Longden	RL	Cornwall
Lewis Elder	LE	Statera
Ian Barnard	IB	E.ON Energy Solutions
Laurence Barrett	LB	E.ON
Karl Maryon	KM	Haven Power
George Douthwaite	GD	Npower
Edda Dirks	ED	Ofgem
Herdial Dosanjh	HD	Npower
Matthew Bacon	MB	Vattenfall
Charles Williams	CW	Napier Consulting
Graham Dawson	GD	Npower Ltd
Caroline Bragg	CB	Renewable UK
Zoltan Zavody	ZZ	Electricity Network Storage
Ian Tanner	IT	UK Power Reserve
Michael Rieley	MR	Scottish Renewables
Jeremy Guard	JG	First Utility
Lucas L	LL	Intergen
Jean-Philippe Marty	JPM	SmartestEnergy
Nicola Fitchett	NF	RWE Generation
Nick Stillito	NS	PeakGen
Tim Collins	TC	Centrica
Christopher Granby	CG	Infinis
Marc Smeed	MS	Xero Energy
Andrew Self	AS	Ofgem
Harry Townshend	HT	GreenFrog Power
Holly Tomlinson	HTo	Ecotricity
Alan Chamber	AC	Ecotricity
John Tindall	JT	SSE

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 Update on new and ongoing CUSC modification proposals (charging and non-charging) – Urmi Mistry, National Grid

1. Ongoing and decided CUSC modification proposals (charging and non-charging) were presented with updates / information for each.
2. PJ asked a question regarding the analysis that needs to be carried out for CMP268 which DC and NJ confirmed that this will be bought up as soon as possible at the next work group in January 2017.

2 What has happened so far? – Juliette Richards, National Grid

3. JR presented on all the activities that National Grid have participated and engaged with since February 2016. Current industry work streams and charging interactions were also detailed.
4. RL raised a question of how do you deal with on-going modifications which may also interact with the Charging Review? AW responded to this saying that there is the aspiration that the SCR (significant code review) would block off other modifications coming in. Project Transmit was used as an example where active mods were subsumed into the review. This then led to the point that a decision needs to be made to see if on-going modifications can be incorporated into a review if they are sufficiently linked, or whether they are more standalone modifications which can still be progressed through the CUSC process. JA built on this to say that unless there was an SCR, there wouldn't be anything stopping industry going through the usual process for raising modifications and so there is a need to for a formal SCR process to be in place with National Grid (NG) still there to advise.

3 Holistic Charging Review in more detail – Damian Clough, National Grid

5. DC presented a look at a holistic Charging Review, taking previously presented scope items and defining them into levels of urgency and how these interacted with Ofgem's scope of work.
6. ZZ asked how will NG ensure that interfaces with different reviews are continuous. For example, storage seems to have been lost from the embedded benefits debate and may lead to another mod being produced, how will we make sure that the strands of work are all tied together? AW emphasised that the Charging Review would aim to draw all of these together. AS followed this up by referencing Ofgem's Open Letter update, which was published on the 2nd of December. As this is where Ofgem want to ask industry their views on how best they can deliver a targeted review and how the residual element of charging can be recovered. There will be a forward work programme where more analysis of wider transmission charging will take place. They have been looking at two previous reviews that have taken place on the distribution side and also have met with NG and EnergyUK to think about transmission charging work and what would deliver the best outcome for the consumer.
7. DC followed this up saying there are areas that need to be looked at such as when you decrease embedded benefits this can increase the opportunities for Ancillary

Services. ZZ came back to this area around timings across different reviews and that there is a risk that, for example, embedded benefits disappear, before other sources of revenue, e.g. in the flexibility space, are clearly defined. What would be more helpful for project developers would be a sense of continuity. DC also made the point that work relating to CMP264/265 had not ended as NG is planning on conducting a deep dive on embedded benefits and sunk costs to develop more strategic thinking on these topics as there are lots of options on how to deal with them. An attendee asked the question whether there was a timetable of work for this, where AW said potentially March 17, however if NG was in a position to, we will bring this date forward. NG would be interested in the views of industry on what we could do, gain experience and see if we are the right line of thought etc... then there will be a question of how do we manage these interactions going forward.

8. JT, who dialled into the meeting, made a point following on from the discussion that it would be useful to consider the difference between symptoms and defects. For example, behind-the-meter could be a symptom of a defect of charging. It would be helpful to be clear on charging defects and which are specific defects in their own right. AW noted that this was a very strong point as when we talk about embedded benefits, is this a consequence of something else? He also then posed a question to the forum as to whether it would be useful to go back to the root cause as to why this has appeared. This was met very positively by attendees and it was suggested as an item at January's TCMF to drill into these in more detail and maybe conduct root cause analysis. NG will create a straw man idea on how this session could go and gain feedback from industry.
9. Before moving on to the next agenda item AW handed over to AS to go over the Update to Ofgem's Open Letter. AS began by giving an overview of the letter, where the aim was to give industry clarity ahead of bidding for the capacity auction on the embedded benefits issue. Ofgem received 145 responses where many agreed that the residual was an area for concern and needed to change, also that a call for a wider SCR was necessary. Ofgem will be consulting on a charging review and will be publishing a minded to position and impact assessment next year.
10. Following this an attendee on the phone questioned how much weight is the authority giving to investor certainty due to the current pace of change in the industry and everything that has happened over the last 18 months? AS responded stating that investor confidence is high up on the agenda and they will be taking this into account. The purpose of the letter is not really to comment on grandfathering etc...they wanted to provide clarification for bidders. Grandfathering was mentioned in one paragraph as something they will consult on, AS referenced Ofgem's forward work programme which will be published in the next couple of weeks. Another attendee raised a concern that Ofgem does not think about elements in isolation, as things such as CfD's, transmission losses etc...and many other things will have an impact - to which AS replied this is something that Ofgem does recognise.
11. Next was a question around CMP264/265, values of the residual and WACMs. Ofgem replied to this noting the 7 WACMs had been voted as better than baseline by the CUSC panel. These solutions gave a range of £0-20/kW in different demand zones. However Ofgem also noted that they could choose any of the 43 proposed solutions regardless of what the Panel had recommended them or not.
12. There was a second element of the question which alluded to Ofgem's statement that their ambition was to introduce an amendment by April 2018 and further revision by April 2020, what is the difference between the 2 dates. AS clarified that if the Authority were to approve one of the modifications (264 or 265), they would like the option to implement by April 2018 and phase in over the following 3 years, but this is based on the Authority making a decision.
13. HT then posed a question about point Ofgem raised within the document that they haven't received sufficient evidence to change their view that the value of embedded

benefits should be between £0-£6/kW. AS followed up saying that Ofgem will be consulting again on the TNUoS demand residual and will be asking for representatives for an impact assessment and consultation. HT responded that it would be helpful to know what evidence Ofgem are actually looking for, then industry can provide this. AW then described that the £1-£6/kW was published by NG some time ago and representative of reinforcement costs at GSP. NG will help to provide more evidence around specific sources of embedded benefits and where they provide value. AS summarised by stating that evidence around forward avoided spend would be very useful.

4 Flexibility Call for Evidence and how it impacts charging – Andrew Wainwright, National Grid

14. AW presented on Ofgem's flexibility call for evidence and this could impact network charging. The main three points were that charges need to accommodate moves towards DSO models, including long and short term costs. Secondly, the treatment of storage (which UM will be presenting on at January's TCMF) and other new assets need to be considered in a holistic manner. Lastly, connection charges and agreements may need to change to support flexibility. These were then linked to the previously mentioned scope items.
15. RL asked how is NG bridging the gap with the distribution side of the system. Do they want a review? Will there be consistency of approach etc... AW replied stating that RM is an active member of the ENA Workgroup specifically looking at transmission/distribution charging issues. DNOs play an active role and are involved in this. RM followed up that DNOs are looking at charging and how it compared across the system. Alongside this, DNO representatives attended NG seminars earlier in the year. DNOs have also provided responses with a view that is supportive of a wider review as this is easier for them to engage with.
16. ED wanted to raise some points from her colleagues around the call for evidence document, that there are 2 items industry should address immediately. Firstly, industry should provide clear guidance on whether storage should be classed as intermittent or non-intermittent. Secondly industry should ensure that there are flexible connections available for storage. This raised a question from RL as to whether Ofgem could clarify what a flexible connection is. AW defined it as less firm access rights, where there is not the same level of access as this is what has been discussed in the past.

5 Longer term vision for Charging – Rob Marshall, National Grid

17. RM presented NG's vision of the longer term regarding a Stakeholder Forum, looking at what actual delivery should be and not focus on specific scope items. Examples of previous stakeholder forums were presented such as EireGrid's DS3 and the Smart Grid Forum in 2011. This then led on to the main purpose of gaining industry views through an interactive session where 4 groups worked on three questions, how should a stakeholder forum be structured? What membership should a steering committee have? What timelines should be worked to? The results of this are being collated and will be fed back at the next TCMF in January.
18. An attendee raised a question as to whether any discussion has happened with Ofgem and whether they are supportive of these discussions around approaches to a holistic review. NJ responded to this explaining that NG had met with Ofgem and that they were interested in proposals on what this would look like, therefore we have reached out to industry to gain views and help create this.

6 Next meeting

Next meeting: Wednesday 11th January 2017

Time : 10am arrival and coffee for 10:30am start

Venue : National Grid House, Warwick.