

## Meeting report

<b>Meeting name</b>	Transmission Charging Methodologies Forum and CUSC Issues Steering Group 82
<b>Date of meeting</b>	Wednesday 14 <sup>th</sup> February 2018
<b>Time</b>	10:30 – 13:30
<b>Location</b>	National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA

<b>Name</b>	<b>Initials</b>	<b>Company</b>
Jon Wisdom	JW	National Grid (Chair)
Urmi Mistry	UM	National Grid (TCMF Technical Secretary)
Louise Schmitz	LS	National Grid
Harriet Harmon	HH	National Grid(Presenter)
Paul Wakeley	PW	National Grid (Presenter)
Caroline Wright	CW	National Grid (Presenter)
Jodie Cartwright	JC	National Grid (Presenter)
David Bowman	DB	National Grid (Presenter)
Robert Longden	RL	Cornwall Insight
Laurence Barrett	LB	E.ON
Colin Prestwich	CP	Smartest Energy
Paul Youngman	PY	Drax
Paul Mott	PM	EDF Energy
Aled Moses	AM	Orsted
Gethyn Howard	GH	Haven Power
Tim Collins	TC	Centrica
Joseph Henry	JH	E.ON
Nicola Fitchett	NF	RWE
Karl Maryon	KM	Haven Power
Charlie Friel	CF	Ofgem
James Anderson	JA	Scottish Power
Peter Bolitho	PB	Waters Wye

All presentations and supporting papers given at the TCMF meeting can be found at:  
<https://www.nationalgrid.com/uk/electricity/charging-and-methodology/transmission-charging-methodology-forum-tcmf>

## **1 CUSC Modifications Update – Caroline Wright, Code Admin**

1. CW gave an update on all CUSC Modifications. No new modifications were raised in January and there is still one outstanding decision for CMP251 where Ofgem have confirmed they will await the outcome of the CMP261 CMA appeal. CW then gave an overview of all on-going modifications. CMP280/281 and CMP285 were granted 3 month extensions. Lastly, the timetables for CMP286 and CMP287 are at risk due to the quantity of work that needs to be carried out but no extension had been requested at the January CUSC Panel till further work is completed by the Workgroups to determine the length of any extension.

## **2 Housekeeping Modifications for 1 April 2018 Implementations – Caroline Wright, Code Admin**

1. CW gave an overview of a housekeeping modification that is due to be raised at February Panel. The reason for this modification is due to the high volume of modification changes to the CUSC being implemented on the 1<sup>st</sup> of April 2018. It looks to correct typographical errors and ensure that the legal text makes sense when it is layered in. CW mentioned that there will be tracked-change and clean version of the legal text in the proposal form. There were no queries from attendees.

## **3 TNUoS Tariffs Process Update including potential for 2018/19 mid-year changes – Paul Wakeley, National Grid**

2. PW presented on the tariff setting process with the aims of confirming the 2019/20 tariff timetable and to keep attendees updated on the potential of a midyear tariff change that may be required. Firstly, PW took attendees through the 2019/20 timetable, giving a summary of the table which represented key drivers and inputs into the model.
3. PW then moved on to final tariffs that were published on the 31<sup>st</sup> January 2018, which are applicable from the 1<sup>st</sup> April 2018. There are currently two challenges which may cause a change to charges within the charging year: CMP264/265 and CMP261. PW then took attendees through the mechanics of a mid-year tariff change. National Grid (NG) will use a process of a 2 month notice period before any changes are made and authority consent. Therefore, NG will identify what needs to change, then publish these changes and ensure The Authority approve these before they are implemented. PW then ran through each modification and the process NG would follow depending on what decision is reached for each.
4. When going through CMP264/265, PW showed attendees purely indicative tariffs if the decision were reversed through the Judicial Review process as this would take tariffs back to 'baseline' (baseline is an assumption and may not occur). LB asked if NG had to return to the old methodology would NG need to unwind months of billing. PW responded that charges will be adjusted to reflect the new tariffs, but this is akin to the current process for adjusting supplier bills based on revised annual liability. Customers will still pay monthly but if this occurs the charges will be recalculated on a different basis and charged on that basis going forward. PW will take that point away and reflect this within guidance documentation. PW then

detailed for attendees how they can model these impacts themselves using the Transport and Tariff model that was issued in early February.

5. To summarise, PW explained that challenges are recognised and NG aim to keep customer updated through Forums, communications etc. We will engage with people as soon as practicable and will aim timing of changes so they are least disruptive. One last caveat was mentioned that currently there are other CUSC modifications being considered and modifications that could be raised which may affect tariffs for 19/20 onwards. At the moment, NG is using the current methodology but this may not be the same next year.
6. PB raised a question regarding CMP261, that someone had notified him of information over alleged overcharging in 2016/17, which appears in documentation from the CMA appeal. This raises the potential for another £100m in 2016/17 which may need to be dealt with in another modification. LS responded that there is a potential extension of scope into 2014/15 but there has been no overcharge for 2016/17. TC followed this asking whether there will need to be another modification to cover 2014/15 or will this be part of the appeal and what would be the materiality of this. LS responded that this is currently in discussion and the value is in the region of £100m.
7. Discussion then led to the scope and power of the CMA, from which LS informed attendees that this topic was a matter of discussion within the appeal so there was no more comments on this. LS reiterated that there had been no overcharge in 2016/17. Lastly JW asked if there were further question on the tariff process where PB stated that adjustments to tariffs at the start of the year would be more practical.

#### **4 Electricity System Operator Incentives 2018-2021 – David Bowman, National Grid**

8. DB gave an overview of the new Electricity System Operator (ESO) Incentive Scheme, which has been revamped into a single evaluative incentive. This was presented to provide attendees with an update as this was first brought to TCMF in January.
9. DB reminded attendees of the Framework proposal. The level of uncertainty this raises was discussed and the aim is to work with industry on this. PM asked about the process for setting up the ESO Performance Panel. DB responded that this was with Ofgem to decide, but Ofgem's current guidance is that it will be set up before the mid-year review in October. There is a need to raise a CUSC modification due to the CUSC referencing obsolete terms, which will be brought back to TCMF in March.
10. DB then took attendees through NG's Forward Plan Proposal which is open for consultation until the 5<sup>th</sup> March 2018. This has been developed through previous industry engagement and details the ESOs deliverables such as continuous improvement in TNUoS tariff forecasting and setting. DB welcomed any and all feedback. The recovery process was mentioned as PB felt it was disappointing it would take a long time to recover, as the nature of the process will keep the amount predictable. However it was noted that while this was great feedback, it was at the discretion of the regulator.

## 5 'Freezing' the TNUoS Methodology – Harriet Harmon, National Grid

11. HH presented on a new modification before it goes to panel, aiming to give a broad outline and gain industry feedback. Following this HH outlined the background, that tariffs are published on the 31st January of the preceding charging year. Where NG always reflects approved modifications within these tariffs. WACMS and modifications can be approved at the last minute. If these are approved nearer the end of the year no other timescales move therefore tariffs still need to be published.
12. When changes are approved in Oct/Nov, NG need to make all the changes (system and other) to get them out to industry in usual timescales. This modification looks to take a similar approach to DCP293. The proposal is that industry can raise a modification at any time but following an authority decision, implementation would have to be either year ahead or year +2 depending on when it is made (proposed a cut of September the year before the charging year).
13. HH then discussed the pros and cons of the modification and asked for feedback from attendees. The modification aims to provide greater certainty as a supplier, prevent re-work, duplication of efforts etc... HH highlighted CMP286/287 looks to freeze individual elements that feed into tariffs, whereas this proposal is looking at the modification process itself.
14. The purpose of bringing this to TCMF was to get attendees views and HH was keen to understand if there are any other concerns or risks. HH details some risks such as a bottleneck already exists as currently the industry is very busy so potentially this may just move the bottleneck to another point in time. However, this approach will be consistent with DCUSA. The modification is quite broad at the moment and the aim is to submit to February's Panel.
15. PM asked if there was any type of charging modification that wouldn't challenge the methodology and not be caught by this proposal. JA raised a potential clash with the Licence, where The Authority can give an implementation date regardless of the CUSC. PB followed by pointing out that if industry wants something to happen they would rather it occur sooner rather than later. This is contingent on an Ofgem decision therefore this could give Ofgem a 'grace period' for longer decision on critical difficult industry change (giving them more scope to delay making decisions).
16. There was a general concern that this could end up 'tying hands' together and narrowing options. There was a suggestion of instead of raising a modification, is there scope for a more informal process through CUSC Panel. LS raised that CMP282 was raised as urgent, but Ofgem rejected urgency as they were of the view they could make a decision until 31st January. This change would mitigate that particular risk. This proposal does not suggest much change but gives NG more certainty and is driven by NG practicalities.
17. This proposal is primarily driven by customer feedback on how uncertain our forecast is when there is a charging methodology change implemented - as previous forecasts become nullified and of no use. PB followed on by noting that the CUSC Panel set precedence for recommended implementation dates therefore, is there room to make it normal CUSC/customer practice? LS mentioned that this happens now at panel and in Workgroup, dates are already made known but still the issue is there. The recommendation is based more on loud and clear customer feedback, where uncertainty is driven largely by methodology changes than inputs.

18. LS then confirmed that the Licence will still allow Ofgem to direct implementation but this gives industry a level of comfort. JW followed that this encourages better behaviour and leaves a level of flexibility. It will drive positive and not negative behaviour.
19. PB then asked about DCP293, which is the DCUSA modification mentioned above. HH confirmed that it has been approved and is due for implementation. AM then asked whether Ofgem have been consulted about this. HH responded that they have not yet been in contact with Ofgem as NG is keen to understand customer/external view before it is taken forward.
20. There was some support from attendees for this proposal, however these supporters had concerns such as the ability to influence GEMA decision making in the CUSC. LS then asked attendees what they would do instead or what should NG say to customers. PB suggested, in an ideal world, Ofgem obliged to make a decision by a certain point and therefore have a time-limited process with Ofgem. AM suggested the idea of having KPIs as if there are performance issues or workgroups etc...can you compare them to other codes?
21. LS reiterated that the aim of this is to mitigate uncertainty. There was some discussion on exploring the DCUSA modification and Ofgem decision in more detail. Lastly, attendees agreed that most of these points will be fleshed out and worked on within the workgroup.

## **6 Secondary BMUs and Treatment of BSUoS – Harriet Harmon, National Grid**

22. HH last presented this topic at TCMF in December so attendees may be familiar with this. This would not be a discussion on Project TERRE or the relevant changes in BSC etc... It was more of an update on where NG is currently. HH gave an overview of the issue – VLPs (Virtual Lead Parties) already supplied to base BMU but will be registered as a secondary BMU.
23. The only exemption to BSUoS, currently in the CUSC, relates to Interconnectors this change will ensure there is no double counting of volumes when secondary BMUs are introduced. There is broad support for TERRE, therefore this proposal is a consequential modification and is not looking to do anything outside of TERRE.
24. Multiple WACMs are not anticipated so we will request that the Panel Recommendation is to send this straight to Code Admin Consultation. HH asked attendees whether this was appropriate. An attendee raised the point whether anyone who is not represented at the Forum would want to take this to workgroup. Attending the Forum were 4 Panel members present so any attendee views would be taken on board. PY supported this modification as it was dependent on TERRE. JA asked if there was any interaction with P354 however as this does not look at BSUoS it is not impacted. PB said it was reasonable to go out as a consequential modification which is based on BSC commerciality's. Lastly, JW said to attendees that any feedback ahead of next week would be helpful.

## 7 Charging Futures Update – Jodie Cartwright, National Grid

1. JC introduced herself and began by informing attendees of the next Charging Futures Forum which is due to take place on the 28<sup>th</sup> February. For this Forum, NG is trailing a podcast and requested any feedback on this from attendees. JC then went through the structure and topics being raised at the Forum. JC highlighted that there was going to be an Ofgem workshop on Access and Forward Looking Charges which was also being held in Glasgow.
2. An attendee asked whether the workshop in March will cover all of 5 areas being discussed at the Forum. JC confirmed that this will just be a workshop. JC then informed attendees that there was an industry request for some simple and easy summaries. Ofgem have published all summaries which can be found on the Charging Futures website at [www.chargingfutures.com](http://www.chargingfutures.com) , where they contain no new information but are more digestible.
3. The Lead Secretariat has been conducting a series of webinars in response to feedback for more educational information. They are recorded and available on the [website here](#), and aim to be an easy source of material which people can be directed to.
4. JC reminded attendees that they are trialling the podcast, aiming to give people critical thinking time and to test content and ideas with colleagues if they want prior to the Forum.

## AOB

25. LS raised the point that there is recognition of the volume of potential mods coming forward and there was discussion at Panel of how Code Admin deals with them going forward. The aim of raising this was to remind attendees, as this will keep coming up for some time and may reach the extent that the panel takes on a prioritisation exercise. Therefore the more industry/attendees can do to take modification through this process (TCMF) would be good.
26. PM asked whether the topic of queue management was still being pushed back. JW confirmed that this was the case.

## Next meeting

**Next meeting: Wednesday 14<sup>th</sup> March 2018**

**Time** : **1030** (unless otherwise notified)

**Venue** : **National Grid, The Strand, London** (unless otherwise notified)

## Appendix 1

### Actions List

TCMF Month	Requestor	Agenda Item	Action	Owner	Notes	Target Date	Status
Dec-17	PJ	Co-location Guidance Note	Confirm if a spare bay would be considered a new or existing connection	SY	SY and MO are going to pull together a brief response which can be circulated to TCMF members in January.	Jan-18	Complete
Dec-17	GG	Co-location Guidance Note	Confirm if any sites are currently impacted by this guidance note.	SY		Jan-18	Complete
Dec-17	-	Co-location Guidance Note	SY to take away how the document is framed and set the tone according to feedback received	SY		Jan-18	Complete
Dec-17	NF	CMP261 - Update	Look into the possibility of creating some scenarios around outcomes of CMP261 appeal	JW	Not possible ahead of the conclusion of the appeal.	Jan-18	Complete
Dec-17	All	Tariff Update - 5 year forecast	Explore if there is a way to identify mailing lists in email communications such that people know which mailing list that they are on	JW & RT	Exploring if we can get all mailshots to identify which mailing list they originate from.	Mar-18	On-going
Dec-17	PB	AOB	Make enquiries re missing website content specifically in relation to previous mods (TCMF members asked to advise when they come across any additional missing content)	RT	We agree that the content should remain on the website and are investigating ways to ensure it is reinstated. If you require this information in the interim please get in contact with cusc.team@nationalgrid.com	Mar-18	On-going
Jan-18	-	Electricity System Operator Incentives 2018-2021	Circulate DB's contact details to attendees	UM		Jan-18	Complete