

## Meeting report

<b>Meeting name</b>	Transmission Charging Methodologies Forum and CUSC Issues Steering Group 81
<b>Date of meeting</b>	Wednesday 10 <sup>th</sup> January 2018
<b>Time</b>	10:30 – 11:30
<b>Location</b>	Webinar Only

<b>Name</b>	<b>Initials</b>	<b>Company</b>
Jon Wisdom	JW	National Grid (Chair)
Urmi Mistry	UM	National Grid (TCMF Technical Secretary)
Rachel Tullis	RT	National Grid (Presenter)
Richard Smith	RS	National Grid (Presenter)
Paul Wakeley	PW	National Grid (Presenter)
Robert Longden	RL	Cornwall Insight
Garth Graham	GG	SSE
Colin Prestwich	CP	Smartest Energy
Paul Youngman	PY	Drax
Paul Mott	PM	EDF Energy
Daniel Hickman	DH	Npower
David Ryan	DR	ESB
Deborah Macpherson	DM	SPT
Helen Thomas	HT	Energy UK
Nicola Fitchett	NF	RWE
Karl Maryon	KM	Haven Power
Sean Hennity	SH	Ofgem
James Anderson	JA	Scottish Power
Peter Bolitho	PB	Waters Wye
Wenche Tobiasson	WT	InterGen

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 CUSC Modifications Update – Caroline Wright, Code Admin

1. CW gave an update on all CUSC Modifications. No new modifications were raised in December and there is one outstanding decision for CMP251 where Ofgem have confirmed they will await the outcome of the CMP261 appeal. CW then gave an overview of all on-going modifications. CMP280/281 timetables are at risk; therefore Code Admin will request a 3 month extension from the CUSC in January. They will also be requesting an extension for CMP275 and CMP285 as these are similarly at risk.

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

2. DB gave an overview of the new regulatory framework. The framework is a fundamental revamp of the incentive mechanism and with one £30m opportunity replacing the current suite of incentives. The scheme has 4 main parts; establish the ESO forward plan, monitor performance throughout the year, final performance evaluation and decision on financial payment/penalty by Ofgem. There will no longer be a stand-alone BSIS scheme but elements from this will be bundled into the performance incentives.
3. DB then took attendees through a timeline of the 2018/19 incentive year (in blue) and then subsequent years (in purple). 2018/19 is going to be trial year for the new scheme as it is going to be more challenging than before to forecast incentive revenue throughout the year. DB explained that the increase in uncertainty was recognised by National Grid and the more that can be agreed ex-ante will assist payers of BSUoS. NGET and Ofgem are currently in negotiations as to what will be agreed to this effect.
4. Incentive revenue collection is detailed in the CUSC therefore modifications will be needed. The aim is to simplify the process. Therefore, a possibility is for changes to the CUSC so that it will reflect licence conditions in a manner that for any process changes to scheme it will not need a CUSC modification for each one. This will be done through engaging openly and transparently with Ofgem, around how NGET may forecast and recover revenue that reduces uncertainty.
5. GG asked the following questions:
  - i. Under the current regime, the criteria is worded as 'economic and efficient' in terms of the SO Guidelines set out by NRA. Have the words 'costs are reasonable, appropriate and proportionate' replaced these or will the original wording be included. DB responded that the wording is an on-going discussion and it is a point that NGET will note for future discussions with Ofgem and for the wording of the performance metric in the Forward Plan. Stakeholders will have the opportunity to comment on this and other performance metrics when the draft Forward Plan is published. JW clarified that GG would need to continue discussions with Ofgem in regards to changes of any wording of this type.
  - ii. GG asked generally about the SO Performance Panel, the appointment of members and the role NG will play in appointing people to the panel. DB responded that the Panel will provide opinion on the ESO business plan and ambition. Scrutinising ESO performance throughout the year and at the final review – where they will provide a recommendation only to Ofgem. Ofgem are currently in consultation asking for responses on the make-up of the Panel. National Grid will not have a role in appointing people but will put views on the proposed makeup in their consultation response.
  - iii. Lastly, GG commented on the simplification of the process will remove industry scrutiny from changes to the incentive scheme which would usually go through the code modification process. From the proposal, industry will not

be able to see or comment on any changes. JW responded that any material changes to the charging structure of the incentive will go through the CUSC process, the proposal provides a more efficient industry process for small changes. JW also clarified that any amount paid out to National Grid will be approved by the SO Performance Panel so the detail will not be required in the CUSC.

iv.

6. RL asked, given extended timeline, what is being done to stabilise incentive costs (transitional measure) to cover volatility during this period. DB responded that at the moment the policy is still on the table and yet to be agreed so there is nothing concrete but NG are working with Ofgem to bring some clarity. **Action:** Circulate DB's contact details to attendees.

### 3 TNUoS Tariff Timetable Update – Paul Wakeley, National Grid

7. PW gave the latest updates on timetables for 18/19 tariffs. The team are currently preparing final tariffs which are due to be published on the 31<sup>st</sup> January 2018. PW detailed the CUSC methodology changes that have been included in the tariffs, where PM asked whether CMP282 and CMP283 had been included in the draft tariffs published in December 2017. PW confirmed that they were.
8. PW then reflected on a couple of on-going modifications such as CMP261, where GG clarified that as permission has been granted by the CMA so this is now an appeal, and CMP264/5. Currently, original decisions by Ofgem have been reflected in the tariffs. NG will continue to do this unless there have been decisions to change this. NG will also continue to communicate any changes to tariffs. PW informed attendees that any decisions after January may lead to a mid-year tariff change depending on the decision to accommodate them. This process is detailed in National Grid's (NG) licence.
9. For 19/20 tariffs, a timetable is being put together but a final version will be published by 31<sup>st</sup> January 2018. GG highlighted that there was a change regarding draft tariffs being published in November instead of October and December. PW explained that there are many things that go into forecasts at end of October therefore when forecasts are published they are out of date. December inputs are known earlier than December therefore bringing them together can move the date forward providing early visibility of draft tariffs for customers.
10. PW then took attendees through a table which represented this visually, where dark green boxes represented data which is fixed. RL noted that there is at least one CUSC modification that is looking to move the forecast setting date forward. PW mentioned that he is aware of this and that they may need to keep this timetable fluid and under review to cater for major methodology changes. Lastly, PM asked a question regarding gaining local circuit data for more than 5 years ahead. PW agreed to take this offline and discuss with PM further.

### CUSC Issues Steering Group

### 4 Accelerating Connection Update – Rachel Tullis, National Grid

11. RT provided an update on the Accelerating Connections modification proposal. During engagement with industry regarding the proposed modification some issues have been raised that need to be addressed. The main point being the difference between queue management principles proposed for transmission and those used at distribution and how these differences would be managed in practice. Other points that need to be considered are concerns regarding resource associated with the process and the terms and conditions in both transmission and distribution contracts.

NG is looking to do more work with the ENA (Electricity Networks Association) to address the issues that have been raised. There is also now consideration for the output of the Access Task Force and subsequent Ofgem consultation. NG have different timescales prepared for the modification depending on the outcome and if there is expected to be a material impact or not. This topic will be brought back to CISG before a modification is raised.

## 5 Statement of Works – Rachel Tullis and Richard Smith, National Grid

12. RT and RS presented on Statement of Works (SoW), supported by DM. RT gave an overview of the SOW process which is designed to identify impacts on the NETS of Distributed Generation (DG), not subject to a BEGA or BELLA, wishing to connect to the Distribution network. It is thought that the current process is not fit for purpose where there are high volumes of applications. Industry has tried to update the SOW process through CMP238 and the Appendix G trial. The latter facilitates aggregated applications so, in many cases, allows DNOs to make offers to customers without individual connection offers from the SO being required.
13. The scope of mod proposal looks to make amendments to section 6.5 of the CUSC, to facilitate the Appendix G process. The intention is to retain existing process for where single applications are still appropriate and introduce the option for aggregated applications as per the Appendix G trials. Next steps involve drafting the modification proposal, exploring the impact on the STC and on-going engagement with the ENA SoW work stream. The aim is to raise the modification in Q1 2018.
14. DM clarified that the defect is not solely linked to the high volume of generation applications but to address the inefficiency in the process of generation applying to Distribution Network. GG raised some questions around which generators are affected by the Appendix G trials and whether BCA procedures were being applied in a non-discriminatory manner. DM responded to the first point that the ENA aims to roll out a plan with all DNOs to publish and engage with all customers and whether they will be impacted under Appendix G.
15. On the second point, GG elaborated that this process would be better executed through a public document rather than a BCA with NG as there is no visibility of which generators are impacted or whether it will have a material impact on existing agreements. DM responded that Appendix G is part of a BCA and would like to understand further the information that GG would like to see made public. RS then clarified that there is no intention to change terms for existing generators through this process. There would only be changes to terms for existing generators if there was a material change triggered by a request that the generator makes. The Appendix G process is to allow DNOs to connect new generation, or existing generators that want to do something different on their site, more efficiently. GG then mentioned that his concerns have been raised previously in various forums.

## AOB

16. No AOB was raised.

## Next meeting

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

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

**Venue** : National Grid House, Warwick (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