

Meeting minutes

Transmission Charging Methodologies Forum and CUSC Issues Steering Group 94

Date: 13/03/2019	Location: National Grid House, Warwick (and WebEx)
Start: 10:30 AM	End: 13:30 PM

Participants

Attendee	Company	Attendee	Company
Jennifer Doherty (JD)	National Grid ESO (Chair)	Nicola Fitchett (NF)	RWE Generation UK
Jennifer Groome (JG)	National Grid ESO (TCMF Technical Secretary)	Garth Graham (GG)	SSE
Rachel Hinsley (RH)	Code Administrator, National Grid ESO (Presenter)	Angus Macrae (AM)	SSE
Graham Stein (GS)	National Grid ESO (Presenter)	Laurence Barrett (LB)	E.ON UK
Harriet Harmon (HH)	National Grid ESO (Presenter)	Colin Prestwich (CP)	SmartestEnergy
Katharine Clench (KC)	National Grid ESO (Presenter)	Paul Youngman	Drax
Mike Oxenham (MO)	National Grid ESO (Presenter)	Daniel Hickman	Drax
Sophie Van Caloen (SVC)	National Grid ESO (Presenter)	James Kerr	Citizens Advice
Simon Vicary (SV)	EDF	Ankita Mehra	Ofgem
Grace Smith (GS)	UK Power Reserve	Yonna Vitonova	Utilitywise
Robert Longden (RL)	Cornwall Insight	Tim Aldridge	Ofgem
Peter Bolitho (PB)	Waters Wye Associates	Sally Lewis	National Grid Ventures

Agenda, slides and modifications appendices

<https://www.nationalgrideso.com/charging/transmission-charging-methodology-forum-tcmf>

TCMF and CISG Discussion and details

Please note: These minutes are produced as an accompaniment to the slide pack presented. They aim to capture the main discussion points from in the meeting.

Actions update – Jennifer Doherty, National Grid ESO

JD gave an update on TCMF & CISG meeting actions.

1. Action ID22 (status - in-progress): The action update from the ESO Revenue team was that details of the error margin calculation will be published in the Five-Year View later this month (March). However, there was disagreement from attendees that the action was closed. SV explained that the request was for an explanation of the governance and the precise calculation of the error margin - showing evidence of methodology. SV stated that there could be several interpretations of this methodology. RB agreed that this was the action that was taken. **HH took an action to either circulate this in advance or bring this to the next TCMF.**
2. Action ID23 (status - closed): Update given in this meeting.
3. RL requested an update be given as AOB from Ofgem's last Access and Forward Looking Charges challenge group.

Code Modifications Update – Rachel Hinsley, National Grid ESO

RH updated on the progress of current CUSC modifications. Four new modifications in February.

4. (Slide 9) HH stated that the RFI for CMP296 will be coming out later this month.
 5. SV queried whether the Panel has asked for a further extension on CMP291. RH responded that the workgroup report has been scheduled for June but noted they are struggling to achieve quoracy on the workgroup so an extension is likely.
 6. PB raised his concern regarding the high volume of modifications currently in progress. RH responded that there are several straight-forward modifications that can be put through quickly if the workgroups can achieve quoracy. RL added that they are all important modifications, and suggested that a curve diagram could be shown at the next TCMF to show qualitative view of the progress of modifications. RH explained that the CUSC Horizon Scan – a later item in the meeting will help in this area. RL advised that the context in which modifications sit is important.
 7. SV stated that the progress report does not contain a timeline for CMP308. **RH took an action to update the timeline within the progress report.** RH notified TCMF of the modification tracker which is available online with all timeframes across all Codes and is more visual than the progress report.
 8. PB commented that he would like reach a point where we no longer must use the prioritisation stack as it may be preventing some modifications from going through the process. He suggested that currently, the Panel are forced into making difficult choices due to competing forces. RH explained that they are making efforts to get modifications through the process. She provided the example that the Code Administrator are currently making efforts to get workgroup members to send alternates to meetings so they can achieve quoracy. RH explained that further mods will be raised with the outputs from the BSUoS task force and the TCR / SCR so it would be impossible to say when the volume will decrease and prioritisation will no longer be necessary. RL and LB both reiterated, as Panel Members, that whilst not ideal prioritisation is essential with the current volume of change and that Panel still view all modifications as important regardless of where they are in the stack.
 9. GG explained that on the day of this meeting, he had two other meetings at Faraday House. He suggested that it would help if the ESO made an effort to avoid scheduling meetings for the same day.
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CUSC Horizon Scan – Rachel Hinsley, Code Administrator, National Grid ESO

RH introduced the Code Administration Code of Practice (CACoP) Horizon Scan, which will be used by Code Administrators to co-ordinate any changes that have cross code impacts and to represent change congestion so the industry can resource and prepare.

10. (Slide 16) GG pointed out some issues to consider on these modifications:
 - Co-location Charging: GG reminded ESO to go back to the Access review and the CAP 160-163 suite of modifications.
 - De-load definition change for frequency response: GG referred to SOGL, article 155 which sets out the technical requirements for frequency.
 - TNUoS Generation zones: GG advised the ESO should consider the £1 which was set in 1992 and never inflated. He advised that stakeholders will be keen to understand whether this will be addressed within this modification. HH was unsure whether this would be included in that modification. PW ESO Revenue Manager is currently working on this. **HH took an action to get that clarification from PW.**
11. RH asked whether attendees liked this approach and for their thoughts on the visual document. GG fed back that for charging related modifications he would like to know when it will be raised, how long it will take to go through the process, and when the modification will be implemented into the CUSC (dependent on authority decision). PB added that he would like to know the earliest date it would be raised and the earliest date it would be implemented. PB added that this is a useful document. RL suggested that this was shared wider than TCMF. RH explained that the Horizon Scan is a product of the Customer Journey work the Code Administrator team have been going through.
12. GG asked for the link to the CACoP document itself. RH clarified this.
13. RL raised that Ofgem and BEIS are doing a review of Code Governance, and asked whether the Code Administrator will be getting involved with this. RH responded that the Code Administrators are unsure whether they will submit a combined response on this as CACoP or as their own Code Administrator.

Loss of Mains Protection (LoMs) update – Graham Stein, National Grid ESO

GS updated on the progress of the LoMs scheme (ROCOF, Vector Shift). A programme that aims to get LoMs protection settings changed. GS attended to give an update on costs and how this process is going to work.

14. (Slide 21) GG pointed out on the slide that the current cost for 2019 is now £120m. He queried how much this differs from the figure that GS gave at TCMF last August and suggested the figure today is much higher. GG asked to understand what the additional cost is. He advised that they will now be expecting the forecast for this coming year to be higher. GG stated that transmission-connected parties are now being expected to pay the distribution-connected parties to do this. GG advised that the transmission-connected parties will want an explanation as to why they need to pay this. GG asked for clarification on whether the number of sites has changed or the spend per site has increased.
 15. (Slide 22) GS explained that the bottom row shows what they think the costs will be if the change programme is brought in.
 16. GG raised concern around the procurement methodology and stated that it needs to be specific. PB asked how they will set controls so that people do not exploit the situation and only reasonable costs are incurred. GS explained that they intend to set a fixed rate payment rate for individual sites. He added further that ESO have asked for two engineering companies to do a bottom-up assessment of how much this will cost. GS stated the intention is to publish a draft methodology at the beginning of April, then set up four project work streams and a steering committee – with representation from people paying the bill, and people doing the work.
 17. GS invited any TCMF attendees who are interested in being part of the Steering Committee to get in touch with him.
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18. (Slides 23 and 24) GS explained how the ESO envisage the payment process working. The intention is to open the process up for a two-year window and encourage action as quickly as possible. GS explained that the payments and costs will happen on a quarterly basis.
 19. PB queried whether the ESO are contracting distribution companies to get the settings. He queried whether they be using your standardised costs as a basis of payments, and whether the payment to each distribution company will be a sum total of all of the payments that the company has paid, with a margin on top. GS explained that there will be a contract between ESO and the distribution companies. He explained the importance in the distribution companies being involved in the process to make it successful. He added further that the process will be the same for distributed generators.
 20. NF queried whether there a requirement for everybody to do this. GS responded yes. He added that people should be encouraged to get their application in early, otherwise they will be obliged to do it anyway. PB suggested that this is encouragement to distributed generators to act now. PB suggested it should be advertised that there is a finite amount of funds available for this and so action now is encouraged. PB suggested that setting a cap on the funds given might give an incentive on parties not to abuse the process.

Update on proposal to maintain compliance with European Regulation 838/2010 – Harriet Harmon, National Grid ESO

HH presented NGESOs modification proposal to maintain compliance, and then she presented on the TGR of zero for generators.

21. The draft defect for the modification is on slide 29. HH explained that the scope of the defect is deliberately narrow so that TGR, residual and what is in scope with the Targeted Charging Review (TCR), is not included in this modification.
22. In response to a question HH explained that the 2 euros 50 cap is currently converted into pounds. She explained that the ESOs intention is to focus on the assets that are counted in the rule, rather than the €0-2.50 range.
23. PB asked for clarification that the methodology itself will go into the CUSC. HH responded that it will go into section 14.
24. SV raised concern around whether it is the correct time to do this and questioned whether Ofgem's view on the TCR should be finalised before this modification it raised. HH responded that this modification would still be separate to any modifications as a result of the TCR. HH noted that Ofgem want a 2020 implementation date.
25. LB agreed with HH that this modification should not have to wait.
26. JD stated that Ofgem have received 130 responses on the TCR, and the date for Ofgem publishing their final decision was not known.
27. HH explained that the NGESO have deliberately not put out a modification in this space to date because there was no clarity on what was in scope of Ofgem's TCR minded-to decision. Now there is more clarity, ESO is in the position to raise this modification and are cognisant that industry need time to be able to implement change in this space.
28. PB asked when the modifications will be proposed. HH responded this will be within two weeks' time (from the date of the meeting). PB stated that the panel will have to decide where the modifications sit on the prioritisation stack.
29. RL suggested that more radical change might be in order, considering the amount of change happening because of 838/2010. SV counterargued that considering the amount of generation imports we now rely on, we should be conscious to remove any of this legislation.
30. Slide 31 shows numbers that are for illustrative purposes.

TGR of zero

31. HH highlighted that the principle of the zero TGR is important, and explained it is being caveated with "subject to ESOs compliance with 838/2010".
 32. RL explained that the principle was set up when it was expected that the generation residual would be positive.
 33. NF raised her concern about change on change and them all being separate. Other attendees shared their concern.
 34. PB suggested that NGESO would like to raise this early so that they can develop it and get it ready.
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35. HH stated that a workshop had already been run with some generators and that whilst further engagement with stakeholders was possible, the modification shouldn't be delayed as it would be needed even if the TCR wasn't in progress.

RIIO2 update – Katharine Clench and Mike Oxenham, National Grid ESO

36. KC took attendees through the process for RIIO2 (see slide pack).
37. RL pointed out “facilitating system outcomes” and queried how the DNO’s responsibilities will change. KC responded that ESO will engage with DNOs on their respective roles.
38. RL queried what is meant by “whole system outcomes” and KC responded that there is a difference between whole electricity systems and whole energy systems and stated that NGENSO do need to be clear about this in engagement.
39. Slide 40 shows the timeline of engagements and publications on RIIO-2.

MO then provided an overview on potential developments in relation to Balancing Services Use of System charges and asked for input from attendees in relation to the RIIO-2 planning process.

40. MO explained that there has been much discussion about fixing BSUoS previously (including through CMP250) and if the Balancing Services Charges Task Force (or other ongoing work programmes in relation to BSUoS) indicate in future that full or partial fixing or some or all components of BSUoS would be in the consumer interest then ESO would like views on ensuring such changes can be facilitated through RIIO-2 arrangements to address additional ESO costs and risks.
41. RL queried whether work is being undertaken to drive the sum total of BSUoS down and MO responded that there are always things being looked at by ESO to keep the overall costs lower than they would otherwise have been if no action were taken, such as in relation to facilitating more competition in balancing markets. RL shared his opinion that the upward trend of the cost of BSUoS should be looked at by ESO.
42. PB mentioned that in the CMP250 discussions there was a debate about ESO incurring additional financing costs and what these would be in practice i.e. there were queries about the robustness of the estimates presented at that time. He added that suppliers would also need to be able to provide some analysis that risk premium is costing consumers money and suggested that ESO could potentially manage the BSUoS risk premia in some way but the risk premia savings would need to be compared against reasonable additional ESO costs incurred in doing so. MO stated it is noteworthy that previous ESO estimates will likely need to be revisited due to legal separation as any arrangements will in future be at arms-length and on a commercial basis. PB suggested that if ESO change their previous position into a more positive stance it would be a useful development.
43. CP questioned whether there is actually a problem with BSUoS in the manner which was being discussed and added that managing BSUoS is the role of the supplier and MO confirmed ESO was simply exploring options at this stage and looking to be prepared to facilitate changes in the event they were shown to be in the consumer interest in future.

Balancing Services Charges Task Force update - Sophie Van Caloen, National Grid ESO

SVC presented an update on the Balancing Services Charges Task Force. (Further details are available on www.chargingfutures.com).

44. SVC took attendees through the two Deliverables and the view of the Task Force on slide 43.
45. PB raised concern that nothing will come of the discussion happening in the TF and effort could be better spent elsewhere. GS explained that they are discussing consumer benefit and whatever the TF comes up with will go through the normal governance process.
46. There was a suggestion that the forward-looking element might actually be less volatile than the deliverable element.
47. There was a discussion regarding what would be included in the deliverables.
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AOB

48. JD updated on the outcomes of the Challenge Group: Ofgem have broken down the Access and Forward Looking Charges SCR into various work streams within Ofgem, with three subgroups commencing already. 1) Cost Drivers, 2) Access, 3) Locational DUoS. The charging futures website contain all of the challenge group materials.
 49. RL queried when Ofgem are looking to publish documents. He was aware of an April and a June September date. JD responded that the industry led access work is progressing outside of the SCR. JD hopes to put together a plan of the various pieces of work.
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Action Item Log

Action items: In progress and completed since last meeting

ID	Month	Agenda Item	Description	Owner	Notes	Target Date	Status
22	Feb-19	Actions	JW took an action to speak to the revenue team to ascertain whether they could publish anything on the calculation of the error margin. Action updated in March: A request was for an explanation of the governance and the precise calculation of the error margin - showing evidence of methodology.	JW	HH took an action to address this in April.	Apr-19	In-progress
24	Mar-19	Code Modifications Update	RH took an action to share a progress report on CMP308.	RH		Apr-19	In-progress
25	Mar-19	CUSC Horizon Scan	TNUoS Generation zones: HH took an action to get that clarification on whether the £1 which was set in 1992 and never inflated will be addressed in this modification	HH		Apr-19	In-progress

Action items: Previously completed

If you wish to view any previously completed actions, please contact cusc.team@nationalgrid.com