Transmission Charging Methodologies Forum and CUSC Issues Steering Group

Meeting 105

4th June 2020

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Agenda

1	Introduction, meeting objectives	Jon Wisdom - NGESO	09:30 – 09:35
2	Code administrator update	Paul Mullen - NGESO	09:35 – 09:45
3	Proposal to modify STC and CUSC definition of Force Majeure	John Sinclair - Balfour Beatty	09:45 – 10:00
4	Queue Management	Rashmi Radhakrishnan - NGESO	10:00 – 10:15
5	Targeted Charging Review (TCR) update	Jenny Doherty / Grahame Neale - NGESO	10:15 – 10:30
6	AOB	Jon Wisdom - NGESO	10:30 – 10:35

Code Administrator Update

Paul Mullen, NGESO

Authority Decisions/Implementations Summary (as at 4 June 2020)

Authority decisions since last TCMF	• CMP281 (14 May), CMP319 (21 May), CMP306 (21 May) • Also approved Urgent treatment of CMP345 (22 May)
CMP280 to be decided on alongside CMP334 (which supersedes CMP280)	
CMP320 and CMP303 decisions expected at same time as CMP337/338	• CMP337/338 sent to Ofgem 3 June 2020
CMP323 decision expected in mid June 2020	• To be implemented by 25 June 2020
Update on timing of CMP292 decision expected summer 2020	

Modifications with Authority for decision (as at 4 June 2020)

Modification Number	What is this Modification doing	Implementation Date
CMP303	To make part of the TNUoS charge more cost-reflective through removal of additional costs from local circuit expansion factors that are incurred beyond the connected, or to-be-connected, generation developers' need.	Implementation 1 April 2021
CMP320	Islands that have a MITS Node but are served by a single circuit radial link are exposed to non-cost reflective charging of a 1.8 Security Factor rather than the application of a 1.0 Security Factor. This proposal will apply a 1.0 Security Factor in that situation.	Implementation 1 April 2021
CMP323	Updating the CUSC governance process to ensure we capture the EBGL change process for Article 18 Terms and Conditions (T&Cs)	Implementation 25 June 2020
CMP280	Remove the liability from storage facilities to the TNUoS Demand Residual tariff element (CMP280).	Implementation 1 April 2021
CMP292	Looking to ensure that the charging methodologies are fixed in advance of the relevant Charging Year to Electricity System Operator to appropriately set and forecast charges.	Implementation 1 April 2021

Panel Update

May Special Panel – 20 May 2020

- Unanimously agreed that CMP337/338 has met its Terms of Reference
- Agreed to proposal to run 2nd Code Administrator Consultation for CMP333
- Unanimously recommended Urgent treatment of CMP345

Panel Update

May Panel – 29 May 2020

- 3 new Modifications presented:
  - **CMP342** Clarification of VAT for Securities in the CUSC (ESO) – Straight to Code Administrator Consultation and is Self Governance (so only Panel decision needed)
  - **CMP343** Transmission Demand Residual bandings and allocation (TCR) (ESO) – will need Workgroup and Ofgem decision
  - **CMP344** Clarification of Transmission Licensee revenue recovery and the treatment of revenue adjustments in the Charging Methodology (RWE) will need Workgroup and Ofgem decision
- Unanimously agreed that **CMP324/325** and **CMP334** have met their Terms of Reference
- Recommended by majority that **CMP337/338** Original better than Baseline

Panel Update

June Panels

- **9 June** - To agree that CMP345 has met its Terms of Reference
- **15 June** - To carry out recommendation Vote for CMP345
- **26 June**
  - **3 new Modifications** likely to be raised:
    - Price Control clarification Modifications (ESO)
    - Force Majeure Modification (ESO)
  - **2 Workgroup Reports** (CMP317/327, CMP339) being presented to Panel to sign off that Workgroup has met its Terms of Reference
  - **1 Draft Final Modification Report** (CMP333) being presented to Panel for Panel recommendation vote

In Flight Modification Updates

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In flight Modifications

2 open Workgroup Consultations *(CMP345 closed 3 June 2020)*

- CMP339 closes 4 June 2020
- CMP335/336 closes 15 June 2020

4 Code Administrator Consultations to be issued,1 open

- CMP333 2nd CAC, CMP334, CMP342, CMP345 to be all opened in June 2020
- CMP324/325 closes 24 June 2020

8 CUSC Workgroups held in May

- 12 held across CUSC and Grid Code
- 9 to be held across CUSC (7 CUSC) and Grid Code in June

For updates on all “live” Modifications please visit “Modification Tracker” at:
https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc

Prioritisation Stack

Tranche 1 - TCR Modifications (CMP317/327, CMP335/336, CMP339 and CMP340) and High Priority Modifications (CMP345)

Tranche 2 – Modifications to be progressed from July 2020 at earliest where gaps arise (CMP311, CMP326, CMP316, CMP304)

Tranche 3 – Modifications to be progressed from August 2020 at earliest

Tranche 1 - Indicative Timelines

Modification Number	Workgroup Report presented at Panel	Draft Final Modification Report presented at Panel
CMP343/CMP340	August	October (Special Panel)
CMP334	Already presented to May Panel	July
CMP335/CMP336	August	October (Special Panel)
CMP317/327	June	July
CMP339	June	July
CMP333	Already presented to March Panel	July
CMP324/325	Already presented to May Panel	July
CMP337/338	Already presented to May Special Panel (20 May)	Already presented to May Panel

2020 Dates

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CUSC 2020 Workgroups and Panel dates

CUSC - Workgroups	1	2	3	4
March	6	12	20	26
April	3	9	15	23
May	8	14	22	28
June	5	10	15	25
July	10	16	24	30
August	7	13	21	27
September	4	10	18	24
October	9	14	23	29
November	6	11	16	23
December	30/11	7	17	21

CUSC	Panel Dates	Papers Day	Modification Submission Date	TCMF
January	31	23	16	9
February	28	20	13	6
March	27	19	12	5
April	24	16	7	2
May	29	20	13	7
June	26	18	11	4
July	31	23	16	9
August	28	20	13	6
September	25	17	10	3
October	30	22	15	8
November	27	19	12	5
December	18	10	3	26/11

Proposal to modify STC and CUSC definition of Force Majeure

John Sinclair – Balfour Beatty

Purpose of CM074

CM074 is intended to clarify a misunderstanding regarding the extent of *Good Industry Practice* as applied within the definition of Force Majeure.

Rationale

This modification is being proposed because there has been at least one significant example where the extent of what is meant by *Good Industry Practice* has been misunderstood. See Ofgem decision on Gwynt-Y-Mor OFTO, 23 May 2017.

The CM063 working group agreed that it was never the intention that GIP should mean that a Party can be held responsible for the actions of OEMs and others in the supply chain that are beyond the reasonable control of the Party. For example, it would be difficult / impossible to distinguish between a failure of GIP and sabotage conducted within a OEM's premises. There is only so much that can be achieved with DD.

Summary of Change

"Force Majeure"

in relation to any Party, any event or circumstance which is beyond the reasonable control of such Party and which results in or causes the failure of that Party to perform any of its obligations under the Code including act of God, strike, lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, fault or failure of Plant and Apparatus (which could not have been prevented by Good Industry Practice within the reasonable control of the Party seeking to rely on this definition, including the actions of any sub-contractor of that Party), governmental restraint, Act of Parliament, other legislation, bye law and Directive (not being any order, regulation or direction under sections 32, 33, 34 and 35 of the Act) provided that lack of funds or performance or non-performance by an Other Code Party shall not be interpreted as a cause beyond the reasonable control of that Party and provided, for the avoidance of doubt, that weather conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of that Party;

Actions taken to address objections raised by Ofgem on the previous proposal, CM063

- Extent of a Party's responsibility: *The proposal includes reference to sub-contractors*
- Conflict with G-6.3: *It was never the intention that a Party should take responsibility for the failings of the OEM, or others in the supply chain, that could not have been discovered by reasonable DD*
- Misalignment with CUSC definition: *The proposal includes a requirement for alignment in both STC and CUSC*

Any questions?

Queue Management

Managing network capacity efficiently, effectively and economically

Rashmi Radhakrishnan
Future Markets - Development Lead

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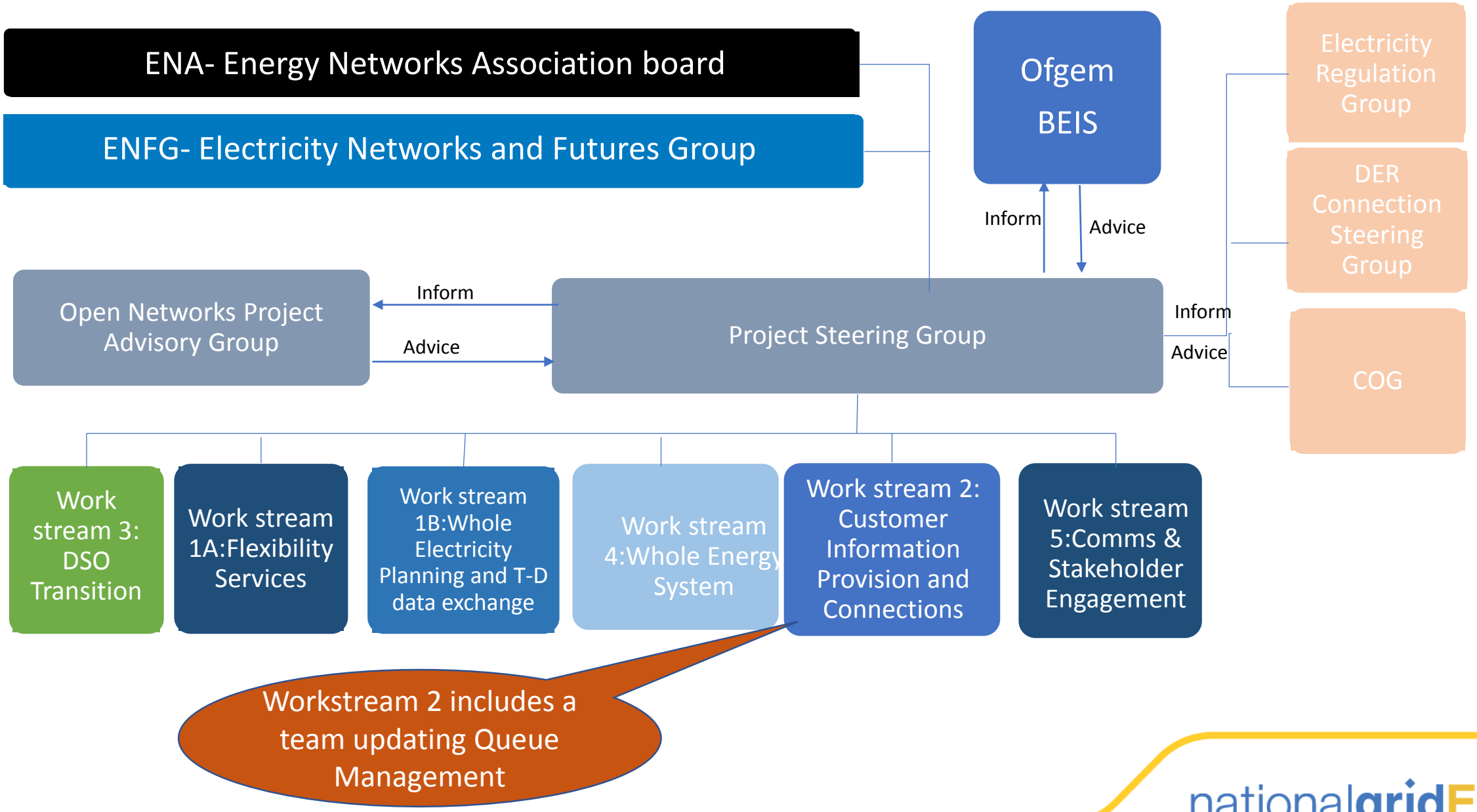
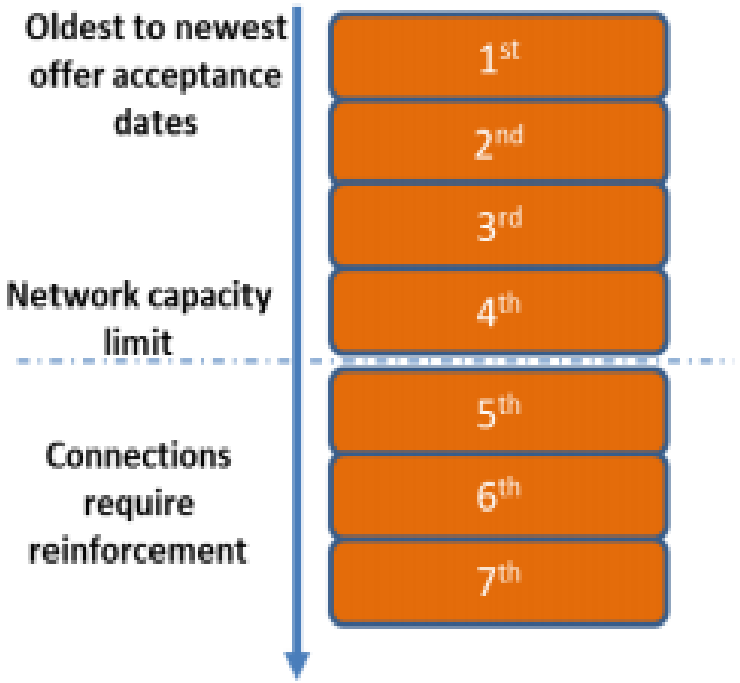
Introduction to Open Networks Project and Queue Management



Benefits of Queue Management

Traditional approach to Queue Management



First to contract First to connect

No Reinforcement			
Acceptance date	Project Name	Capacity	Connection Date
Jan 19	A	50	2022
Feb 19	B	10	2022
March	C	30	2022
April	D	20	2022
Reinforcement			
May 19	E	30	2026
June 19	F	50	2026
July 19	G	10	2026
August 19	H	10	2026

Illustration of a Connection Queue where Projects E to H are behind Projects A to D and have connection timescales dependent on network reinforcement.

Critical components added to traditional Queue Management

Milestones

It is proposed that projects would be monitored against 8 milestones.

Project Milestones for QM
Initiate statutory consents including Planning Permission
Secure consents inc Planning Permission
Secure Land Rights
TSO Interface
Contestable Design Works Submission
Project Commitment
Commence and Progress Works
Project Construction

Cumulative Delay

The cumulative delay against milestones would be measured.

This delay is used to determine the project status

- **'work in progress'** – the project can proceed without any intervention
- **'at risk'** – the project's position in the queue can be changed
- **'termination'** – the network company is able to terminate the contract

Tolerances

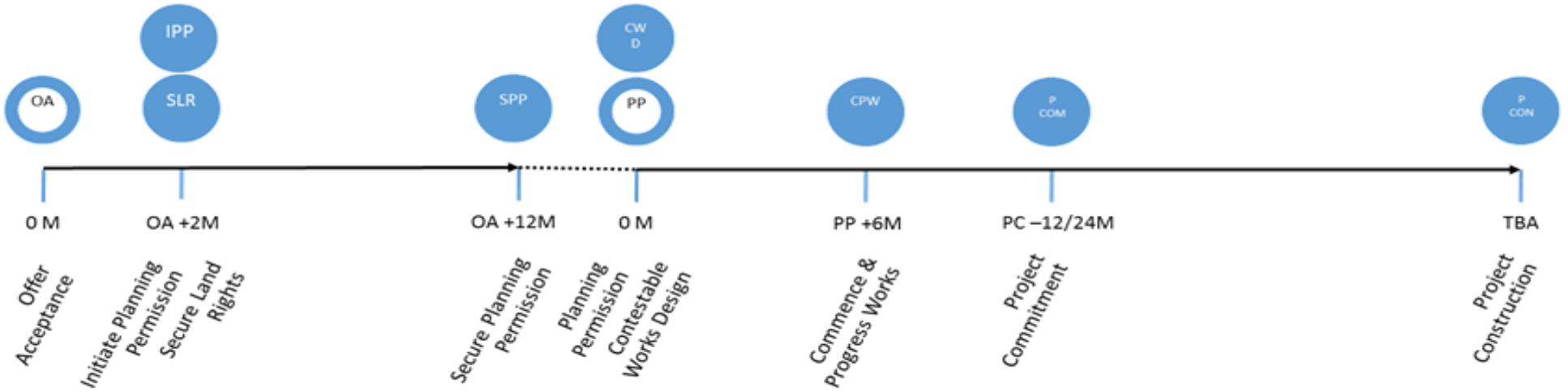
If a project's cumulative delay exceeded a tolerance, it would be at risk to Queue Management.

This mechanism is designed to strike an appropriate balance between giving customers an opportunity to 'get back on track' where milestones have been missed, while giving network companies the opportunity to intervene to change the order of the connection queue, or to terminate contracts.

Queue Management –Managing Tolérances and Milestones.

Project status	Tolerances for LV & HV	Tolerances for EHV & 132kV	Tolerances for 275kV, 400kV & offshore 132kV
Work in Progress	65 working days or less. (Approx 3 months.)	130 working days or less. (Approx 6 months.)	260 working days or less. (Approx 12 months.)
At Risk	Greater than 65 working days. (Approx 3 months.)	Greater than 130 working days. (Approx 6 months.)	Greater than 260 working days. (Approx 12 months.)
Termination	Greater than 152 working days. (Approx 7 months.)	Greater than 304 working days. (Approx 14 months.)	Greater than 608 working days. (Approx 28 months.)

Illustration of Project Timeline



Example: Queue Management

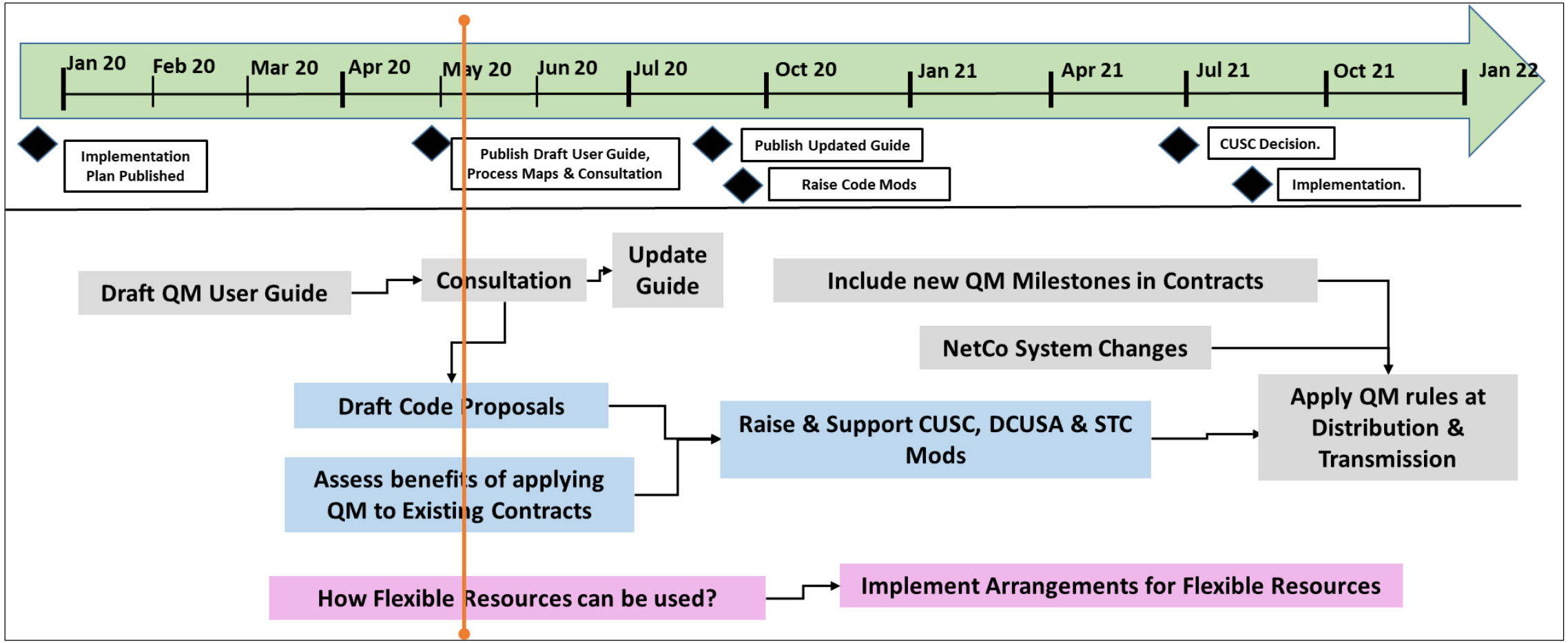
No reinforcement					
Order	Project Name	Capacity	Connection Date	Cumulative Delay	QM Status
1	A	50	2020	13 months	At risk
2	B	10	2022	2 months	Work in progress
3	C	30	2021	0 months	Work in progress
4	D	10	2023	0 months	Work in progress

Reinforcement required					
Order	Project Name	Capacity	Connection Date	Cumulative Delay	QM Status
5	E	50	2024 (2022)	0 months	Work in progress
6	F	30	2024 (2022)	1 month	Work in progress
7	G	10	2024 (2022)	3 months	Work in progress
8	H	10	2024 (2022)	0 months	Work in progress

Illustration shows Project A is ‘at risk’. The network company will look at the next projects in the queue (B, C and D) which are all still on track and will remain ahead on the connection queue. Projects B-D will move up the queue to take the place of project A.

If Project E is progressing and willing to move up, It will move to the bottom of the queue that sits ahead of the reinforcement requirement with lower costs and securities after project D. Project A will move down in the Reinforcement required queue after project H.

Implementation Plan for Queue Management



ENA consultation

The Queue Management consultation document and User Guide can be found at:

https://www.energynetworks.org/electricity/futures/open-networks-project/open-networks-project-stakeholder-engagement/public-consultations.html

The consultation will close on 24th June 2020.

Please send responses to opennetworks@energynetworks.org

Get in touch

If you have any further suggestions, please get in touch: Rashmi.Radhakrishnan@nationalgrideso.com

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TCR Update

Jenny Doherty / Grahame Neale, NGESO

TCR Update

- Demand Residual
- BSUoS charge on gross demand for Suppliers – second Code Admin Consultation due to CMP281 decision
- Transmission Generation Residual

Covid-19 – BSUoS & TNUoS

CMP345 - Defer the additional Covid-19 BSUoS costs

- Proposal raised by SSE to defer the additional BSUoS costs arising from Covid-19 that are incurred in 2020/21 to 2021/22.
- Granted urgency
- Work group consultation has just concluded
- Expected to go to Code Admin Consultation on 9th June – 12th June

TNUoS – Ofgem published letter on 2nd June

- The letter introduced the option of relaxing network charge payment terms for suppliers and shippers
- Link to the letter can be found here
- We are now preparing both a CUSC and STC change to implement the payment terms as set out in the letter

AOB & Close

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