Meeting 111

4th Feb 2021

Transmission Charging Methodologies Forum and CUSC Issues Steering Group

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Agenda

1	Introduction, meeting objectives **Jenny Doherty - NGESO**	10:30 - 10:35
2	Code administrator update **Paul Mullen - NGESO**	10:35 - 10:45
3	SSE's appeal to the CMA of Ofgem's Approval of CMP317/327 **Jon Wisdom - NGESO**	10:45 - 10:50
4	Fixed BSUoS charging modifications **Katharina Birkner - NGESO**	10:50 - 11:10
5	Q1 Charging Modifications **James Stone, Grahame Neale - NGESO**	11:10 - 11:40
6	Interactivity **Rashmi Radhakrishan - NGESO**	11:40 - 11:55
7	CMP281 Implementation: CVA Storage Declarations **Eleanor Horn - NGESO**	11:55 - 12:15
11	AOB **Jenny Doherty - NGESO**	12:15 - 12:30

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Code Administrator Update

Paul Mullen, NGESO

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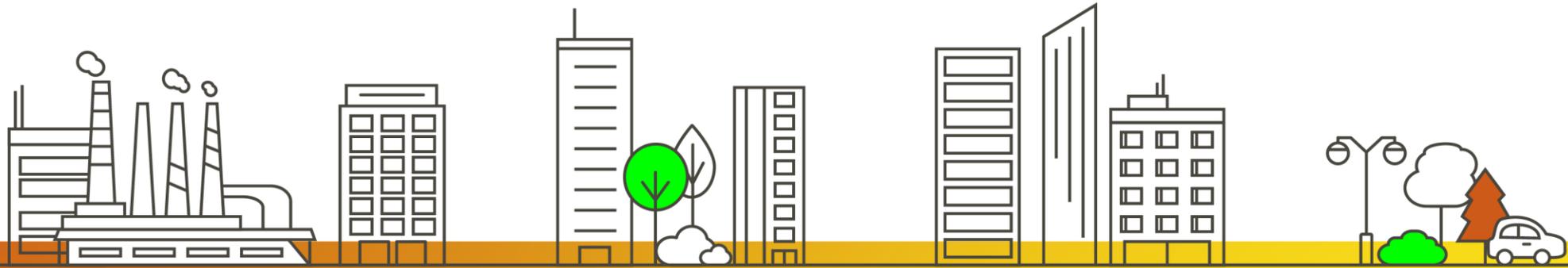
Authority Decisions Summary (as at 3 February 2021)

Authority Decisions during January 2021	
Modification	**Decision Date**
CMP355/CMP356	Decision was made on 22 January 2021 – the CMP355 and CMP356 Original Proposals will be implemented on 1 April 2021.
CMP357	Decision was made on 25 January 2021 directing WACM2 (Implementing a TNUoS Locational Onshore Security Factor that is set to two decimal places and is applied for the duration of the RIIOT2 price control period) to be implemented on 1 April 2021.
CMP351	Decision was made on 28 January 2021 – the Original Proposal will be implemented on 11 February 2021.

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Authority Decisions Summary (as at 3 February 2021)

Awaiting Authority Decisions	
Modification	**Decision Date / Anticipated Decision Date**
CMP335/336 and CMP343/340	Minded to decision expected on CMP343 in February 2021 with the decisions on CMP340 and CMP335/CMP336 to follow this.
CMP344	Ofgem confirmed receipt of CMP344 on 12 January 2021 and noted the Proposer's request for a decision date by 25 January 2021 to allow an implementation of 1 April 2021. However, they do not expect to make a decision until ~ end March 2021.
CMP300	Ofgem confirmed receipt of CMP300 on 19 January 2021 and indicated that a decision would be made ~ mid-February 2021.
CMP280	Update on CMP280 was provided on 2 October 2020. Ofgem will consider whether or not CMP280 is needed after they have decided on the other Transmission Demand Residual Modifications but do not expect to make a decision on CMP280 in the near future.
CMP292	CMP292 decision was expected 20 September 2019; however, this remains de-prioritised due to Ofgem's focus on the TCR modifications.

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Implementations Summary (as at 3 February 2021)

Implementations

- **None** in January 2021

Withdrawals

- **CMP307** withdrawn 8 January 2021
- **CMP309/CMP310** withdrawn 29 January 2021

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Next Panel - 26 February 2021

26 February 2021

- A number of New Modifications and definitely expecting:
  - 2nd BSUoS Taskforce (x3);
  - Complex/Private Wire sites (x2); and
  - Minor Governance changes (largely mirror GC0131)
- Deep dive of prioritisation stack
- How we will deliver the high current workload
- Code Admin performance survey

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In Flight Modification Updates

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In flight Modifications (as at 3 February 2021)

2 open Workgroup Consultations

- **CMP330 –** closes 16 February 2021
- **CMP326** – closes 22 February 2021

1 open Code Administrator Consultation

- **CMP360 –** closes 5pm on 19 February 2021

5 CUSC Workgroups held in January 2021

- 10 held across CUSC, Grid Code, STC and SQSS
- 9 to be held across CUSC (4 CUSC), Grid Code, SQSS and STC in February 2021
- Revised approach to planning to be followed to deliver change in the optimum way

For updates on all "live" Modifications please visit "Modification Tracker" at:
https://www.nationalgrideso.com/industry-information/codes

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2021 Dates

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CUSC 2021 - Panel dates

CUSC	(TCMF) CUSC Development Forum	Modification Submission Date	Papers Day	Panel Dates
January	7	14	21	29
February	4	11	18	26
March	4	11	18	26
April	8	15	22	30
May	6	13	20	28
June	3	10	17	25
July	8	15	22	30
August	5	12	19	27
September	2	9	16	24
October	7	14	21	29
November	4	11	18	26
December	25/11	2	9	17

SSE's appeal to the CMA of Ofgem's approval of CMP317/327

Jon Wisdom

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BSUoS Reform Update

Katharina Birkner

CUSC Mods to deliver BSUoS Task Force Recommendations

Deliverable 1: BSUoS Payable by Final Demand only

To be delivered through CMP308

Amend BSUoS Charging Base to include final demand only

Apply final demand concept to BSUoS charging

Assess data requirements

Create new baseline legal text

Workgroup meetings restarted on 27th Jan

Deliverable 2: Fixed BSUoS Tariff

Fixed BSUoS mod

Definitions mod

Billing frequency update

Aim to deliver deliverable 2: fixed BSUoS Tariff

This interacts closely with the new fixed BSUoS mod as same CUSC section is rewritten

CUSC mods to be raised at Feb CUSC panel

Fixed BSUoS Modification

In our RIIO2 Business Plan we shared our support and commitment to reviewing the option of fixing BSUoS to address industry concerns about unpredictability of BSUoS costs and resulting risk premia. We believe fixing BSUoS may unlock benefits for industry and consumers. Suppliers will have more certainty over BSUoS charges, facilitating their pricing decisions. Customers are expected to see cost savings through reduced risk premia. We are reviewing risk mitigation options to allow elements of the BSUoS volatility risk to be transferred to the ESO and anticipate an appropriate level of remuneration for this.

Mod Overview:

Modification seeks to align CUSC BSUoS charging methodology with recommendations of Second BSUoS Task Force

Scope:

- Introducing the concept of a fixed BSUoS Tariff (Forecast + financing cost + over/under recovery "k")
- Fix and forecast timescales (14/15 months, 2 prices)
- Application of tariff to charging base
- Financability of fixed BSUoS: consider best way of establishing working capital for the ESO
- Process for exceptional circumstances
- Interaction with Electricity Transmission Licence
- Interaction with CMP308

Billing frequency update & definitions mods

Billing frequency update: Non section 14 element of BSUoS Reform implementation

Mod Overview: Current daily BSUoS billing is linked to high variability of existing BSUoS charges, the move to a fixed BSUoS tariff could create wider industry benefits by simplifying the process and removing admin burden through moving to monthly billing

Scope: Facilitate cost benefit analysis to assess impacts of changing BSUoS Billing from daily to monthly billing (impact on credit cover and cash flow)
Review and amend CUSC Section 3.16 – 3.21 as appropriate

Consequential definitions update: Non section 14 changes

**Mod Overview:** Alongside CUSC modification to introduce fixed BSUoS tariff, consequential definition updates in CUSC section 11 will be required

Scope: add and amend required definitions needed to introduce fixed BSUoS (and BSUoS payable by final demand only) into CUSC section 11
Mod to run alongside fixed BSUoS mod

Q1 Charging Modifications

James Stone, Grahame Neale NGESO

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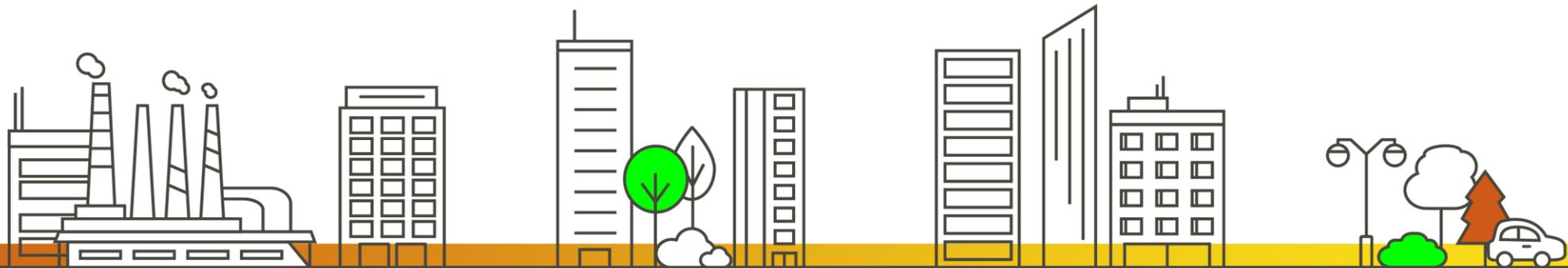
CMP317/327 Follow on Modifications

- At January's TCMF we provided an overview of the ESO 2021 modification work plan
- As part of the plan we detailed 3 key modifications that were required following Ofgem's approval of CMP317/327 which included:

  - Clarify that the Ex-Post Reconciliation methodology approved as part of CMP317/327 can be used for 2020/21
  - Include, Local Circuit & Local Substation charges for 'pre-existing' assets in Gen Cap range
  - Remove Large Distributed Gen TNUoS (inc Vols) from Gen Cap Calc

- Due to TCMF feedback we have now updated the proposed approach and are seeking feedback on the timing of the modifications

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Modification Interactions

- To align with Ofgem's decision, the definition of 'pre-existing' local assets (and a subsequent update to the 'Connection Exclusion') as well as a 'Generator Output' definition is required

- These elements need to be taken into account by NGESO in the compliance assessment to determine if Generator charges have breached the limits stipulated in the Limiting Regulation range

- TCMF fed back that these should be progressed at the same time for use in the Ex-Post Reconciliation should it be needed.

- We have listened to this feedback. As such we recommend the modification proposals progress together to allow a comprehensive view to be developed of the definitions and any likely outcomes

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Modification Timings

Since January's TCMF:
- the ESO has been developing the modification proposal forms as outlined on the previous slide.
- SSE have raised a CMA appeal against Ofgem's decision on CMP317 / 327
- We have considered two options for when the modifications are raised:

a) Raise the modifications urgently in February

Potential benefits:

- Allows parties early visibility on the detail of pre-existing asset definitions required for reconciliation (aligned with previous TCMF feedback)

- Puts in place a process for the ESO to take action quickly in the event there is a non-compliance

Potential risks:

- Process is running alongside the ongoing CMA appeal and therefore, should Ofgem's decision be quashed, the requirement for modifications may change

b) Raise the modifications urgently after the CMA outcome (end March)

Potential benefits:

- Outcome of CMA appeal, and therefore interpretations to inform compliance will be known (note final gen-rec at the end of April)

Potential risks:

- Does not allow parties early visibility on the detail of pre-existing asset definitions required for reconciliation

- Does not provide the ESO with a route to take action quickly in the event there is a non-compliance

Discussion points:
Are there any additional options for us to consider?
Have all the benefits / risks of when the modifications are raised been considered?

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Update on additional charging modifications to be raised this quarter

BSUoS licence update
- Modification has been raised and is out for consultation

BSUoS Reform modifications
- We are currently finalising these modification proposals and intend to raise in February

BSUoS indexation
- The modification relating to Section 4 as discussed in January will be raised later in 2021, note there is not a requirement to link this to the start of RIIO2
- We appreciate the feedback from January's TCMF about the need for a wider review of indexation in the CUSC. Due to the volume of change over the start of 21, we are not currently prioritising this piece of work, but will engage with TCMF on it in due course

Demand Residual modifications
- We are currently finalising these modification proposals and intend to raise in February

Expansion Constant
- We are still developing this modification and will provide a update of progress at Marchs TCMF

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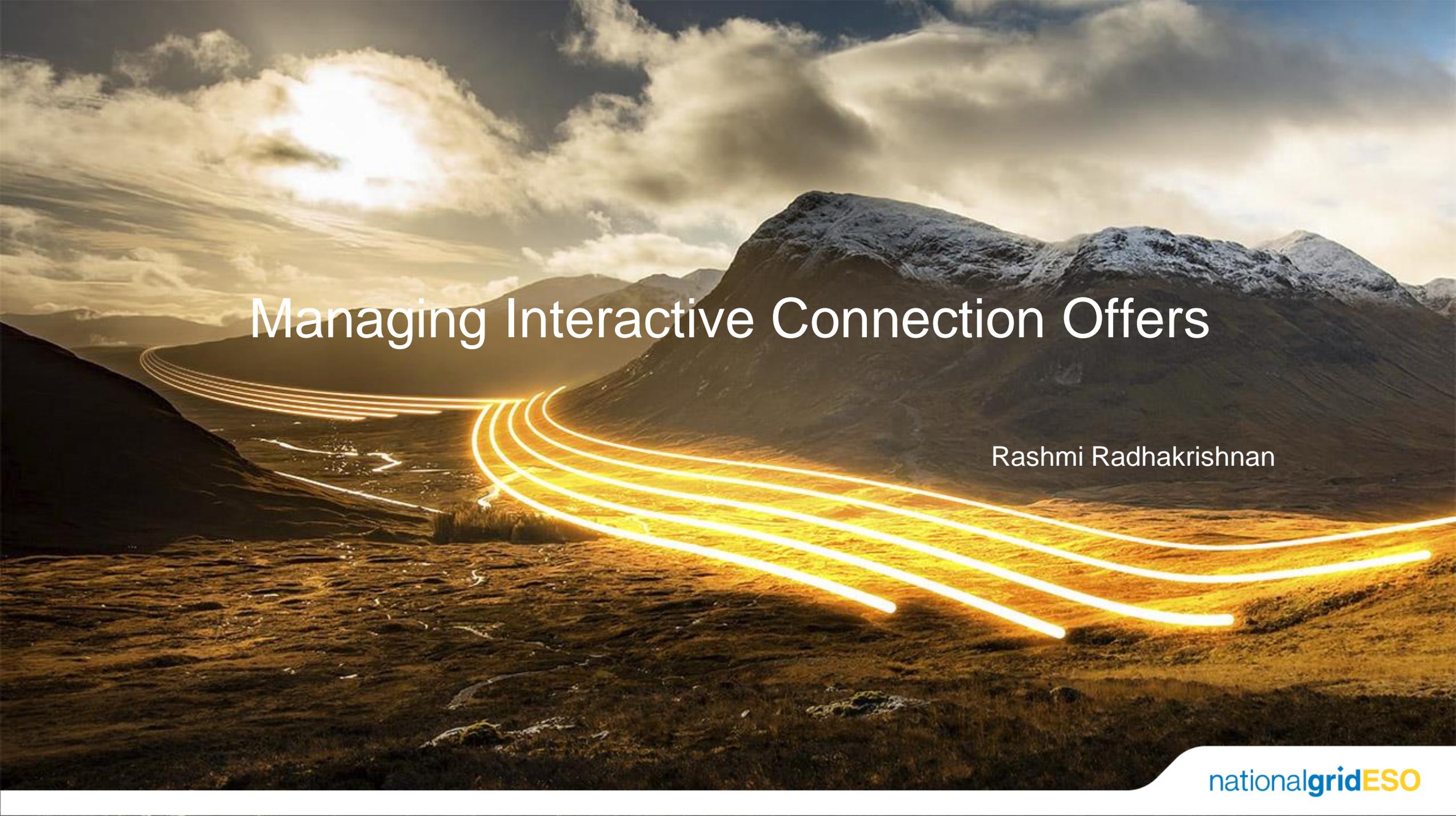
Managing Interactive Connection Offers

Rashmi Radhakrishnan

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What is interactivity?

- Interactivity occurs where two or more connection applications are received to connect using the same part of the existing or future network, but where not all applicants can be connected due to restrictions such as:
    - limited network capacity,
    - fault levels, or
    - physical limitations such as space to upgrade a substation.

- Interactivity is identified by the Transmission Owner whilst undertaking their network studies but the Interactive Connection Process is administered by the ESO in preparing its Connections Offers for customers.

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Policy development background

- This process is developed through extensive consultation and webinars by **The Energy Network Association (ENA)** as part of the ***Open Networks Project.***

- In Nov 2018, the ENA (through Open Networks Workstream 2) launched the 'Interactivity and Queue Management' consultation1, to seek the views of stakeholders on preferred approaches to application interactivity and connection queue management here.

- In July 2019 the ENA presented a 'mind-to' position for Interactivity - the Conditional Interactivity approach, in a published ENA Consultation here.

- The responses to the July 2019 consultation showed a very clear support for the proposed 'Conditional' interactivity process.

- The ENA has since developed the principles and processes for Conditional Interactivity and drafted a guide. In December 2020 the ENA published the final Interactivity guide including T-T, T-D, D-D and D- iDNO interactivity process here

- All Network companies are now taken a consistent approach and went live with new approach from 1st of Jan 2021.
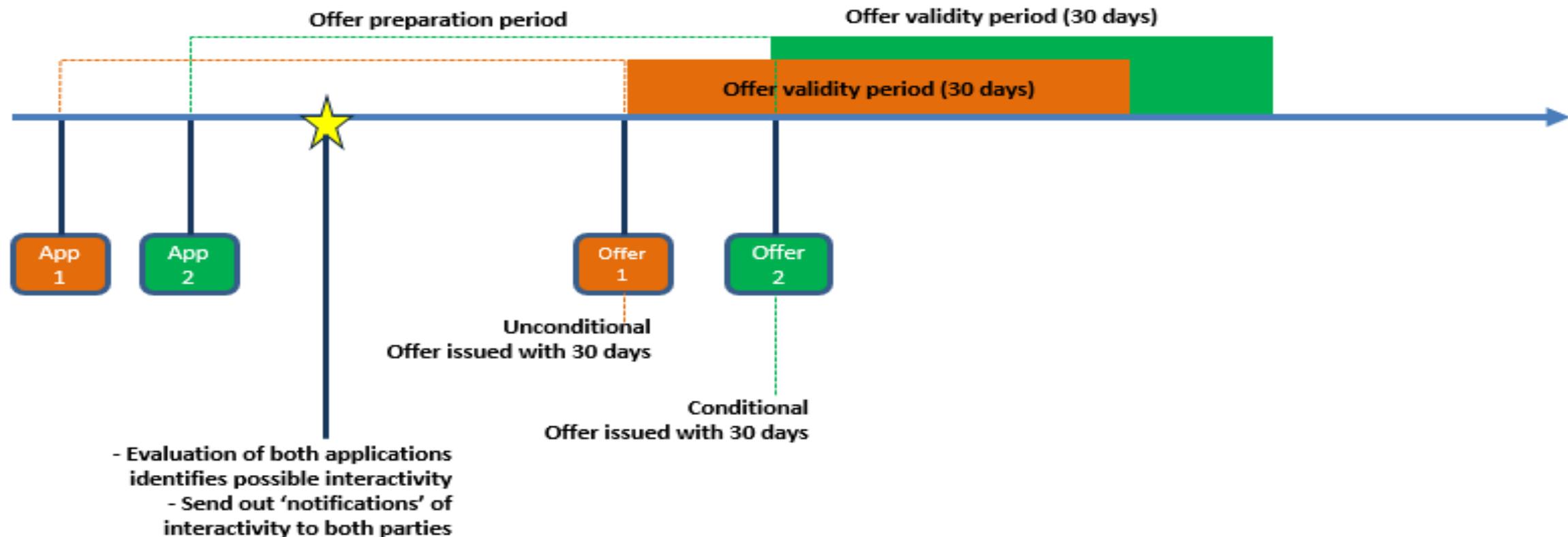
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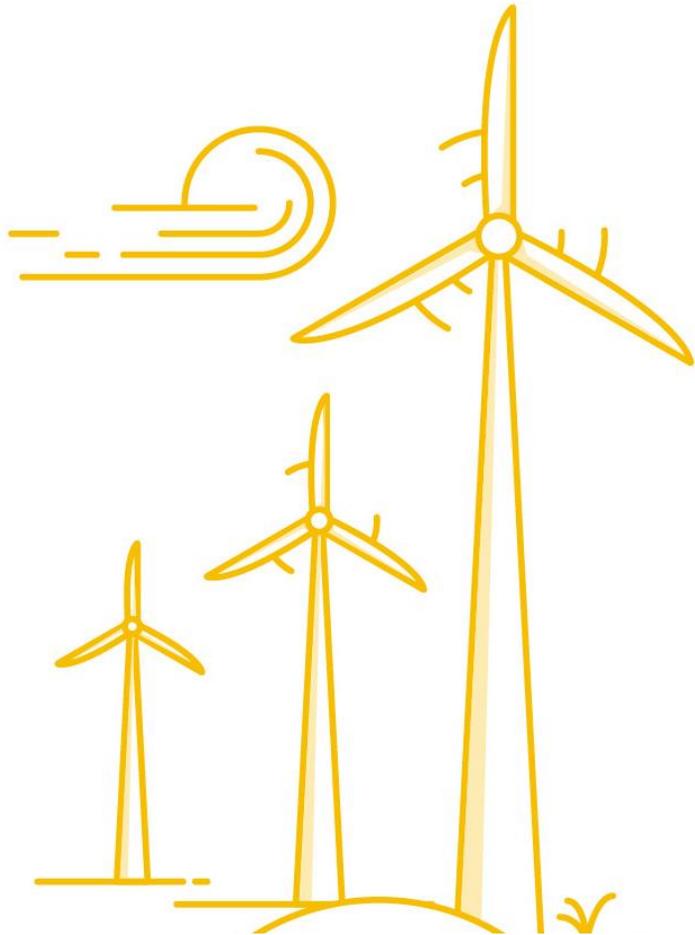
Key features of Conditional Interactivity
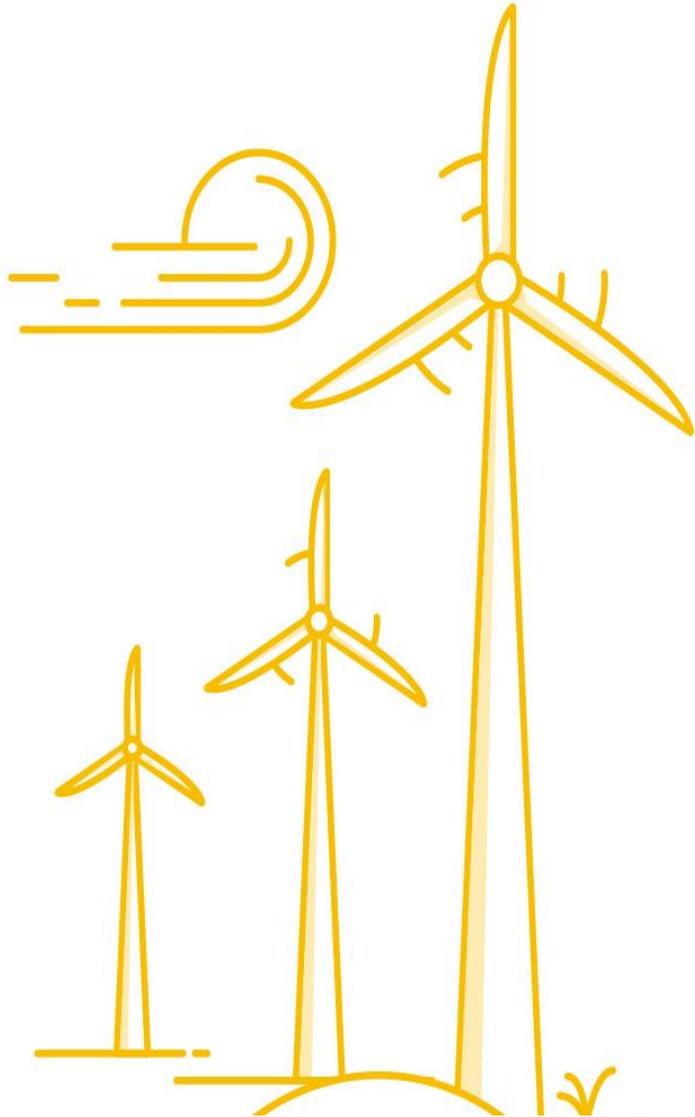
- There is no moratorium period – Customers have longer time to accept (30 days up from 10)

- This approach provides customer same experience.

- In order to manage our customers expectations, early notification of potential interactivity will be provided to customers.

- When Interactivity is triggered the applications are 'queued'. The application that is first in the Interactive Queue has first refusal on the connection – they are considered as 'Unconditional'

- Later applications depend on some or all earlier applications not being accepted - they are 'Conditional'

- This new process helps all network operators to solve interactivity quickly.

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Changes to the Offer Acceptance Period

Identifying Interactivity where no connection offers have been issued

Offer preparation period

Offer validity period (30 days)

Offer validity period (30 days)

App 1

App 2

Offer 1

Offer 2

Unconditional Offer issued with 30 days

Conditional Offer issued with 30 days

- Evaluation of both applications identifies possible interactivity
- Send out 'notifications' of interactivity to both parties

Diagram courtesy of the Energy Networks Association

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CUSC modification

- A new ESO interactivity policy document is developed and published in ESO website. here

- Old ESO interactivity document here

- A minor change to CUSC is identified as part of this new process. i.e The intended CUSC mod will bring clarity around acceptance period for interactive connection offers.

- Our intention is to submit the CUSC mod in Feb/March 2021.

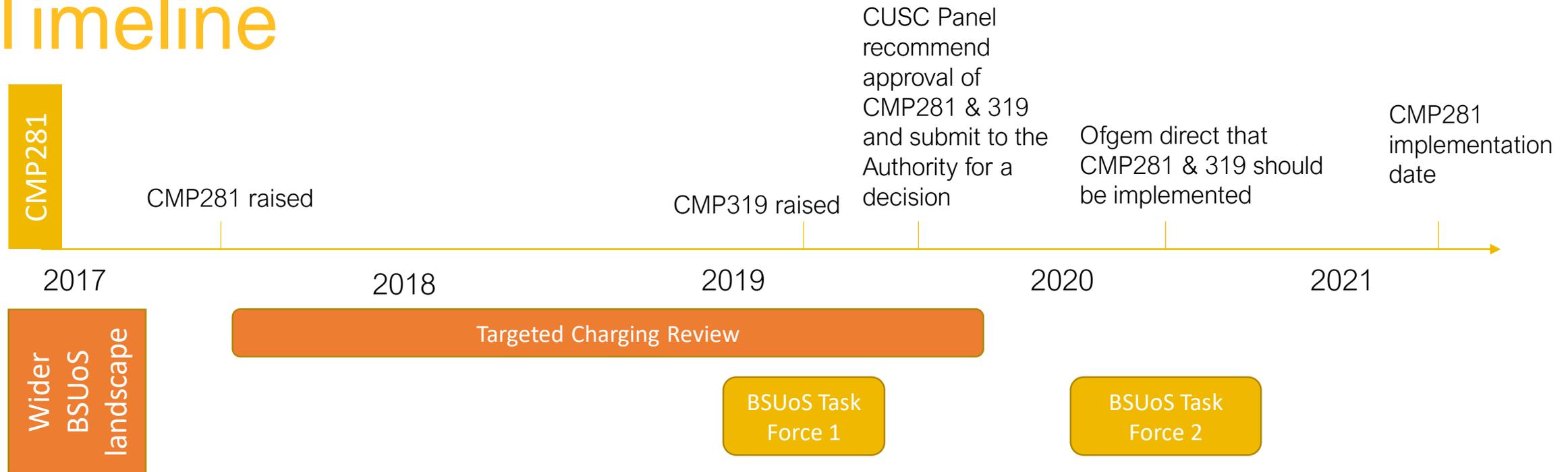# Any Questions?

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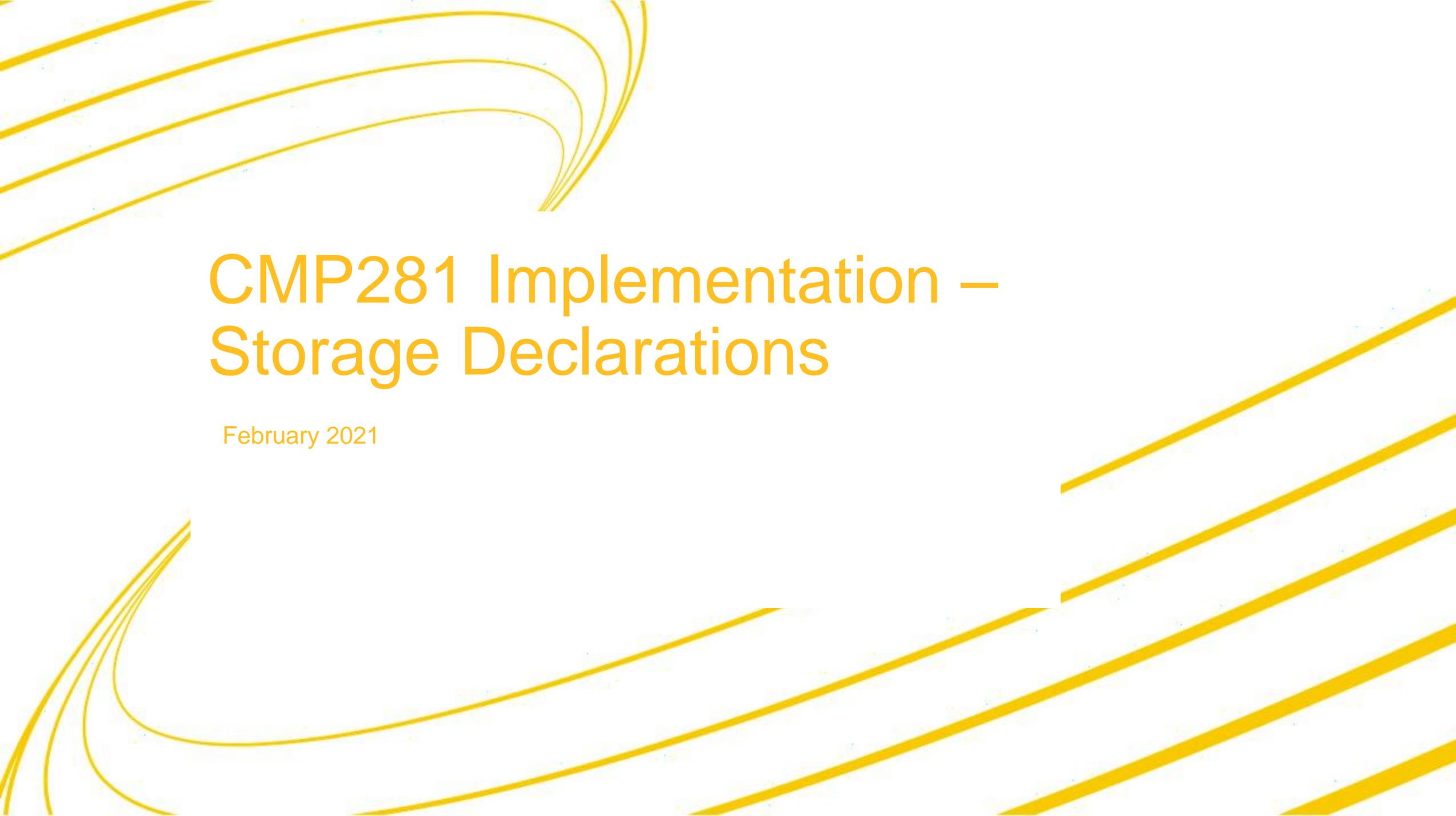
CMP281 Implementation – Storage Declarations

February 2021

Background

- CMP281 proposed to remove BSUoS charges for imported energy to Storage Facilities.

- Both Central Volume Allocation (CVA) and Supplier Volume Allocation (SVA) Storage Facilities are included in the approved CMP281 solution.

- CMP281 amends the calculation of BSUoS charges to exclude imported electricity volumes from both attracting BSUoS charges and from the calculation of BSUoS charges for all liable parties.

Timeline

CMP281

CUSC Panel recommend approval of CMP281 & 319 and submit to the Authority for a decision

CMP281 raised

CMP319 raised

Ofgem direct that CMP281 & 319 should be implemented

CMP281 implementation date

2017   2018   2019   2020   2021

Wider BSUoS landscape

Targeted Charging Review

BSUoS Task Force 1

BSUoS Task Force 2

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Storage Declarations

- The CMP319 solution provides definitions to cover the terms, processes and requirements for the implementation of CMP281.

- These definitions include: "**CVA Storage Facility**", "**SVA Storage Facility**" and "**Declaration**".

- The ESO needs to receive a valid declaration before the BMU can be exempted from BSUoS charges on import volumes.

Declarations for SVA Storage Facilities need to be submitted to ELEXON via the Supplier

Declarations for CVA Storage Facilities need to be submitted to the ESO

A 'Declaration' is a statement to be submitted by the Registrant of the relevant BM Unit or BM Units, which:

    i.   is signed by one of the Storage Facility Operator's registered Directors that confirms that a Storage Facility fulfils the criteria set out in the definitions of SVA Storage Facility and CVA Storage Facility as applicable ; and either

    ii.   for SVA Storage Facility only, is submitted in accordance with the BSC and contains other details that are required in accordance with BSC Section S ; or

    iii.   for CVA Storage Facility only, identifies the specific BM Units which only perform activities necessary for Electricity Storage and is submitted to The Company.

The validity of an SVA Declaration is determined in accordance with BSC Section S, and of a CVA Declaration is determined by The Company. A CVA Declaration received by The Company will either be accepted or rejected within three Business Days and shall take effect on the effective date and time as notified to the CUSC Party.

Timescales for ESO processing storage declarations

within 3 Working Days

+ no more than 15 Working Days
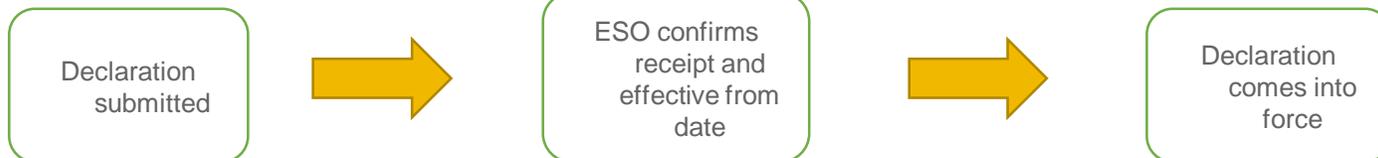
Completed Declarations for CVA Storage Facilities need to be submitted to the ESO via BSUoS.queries@nationalgrideso.com

Declaration submitted → ESO confirms receipt and effective from date → Declaration comes into force

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What information needs to be in my Declaration?

- A declaration template can be found on the ESO's website here

Published ⌄	Name
20 Jan 2021	CVA Storage Facility Declaration Guidance Note
	Charging Circular - Restitution Payment due to Market

- The declaration needs to be signed by a company director and all information in the squared brackets needs to be completed.

- The table in the Annex needs to be filled in too with a row for each BMU of eligible storage. This provides information such as the BMU ID that will be exempted from BSUoS charges on imports, metering point number, location and a description of the type of storage employed.

- Once the ESO revenue team have received both of these documents they will confirm receipt and validity within 3 working days via email. They will also confirm an effective from date which will be no more than 15 working days after the date of sending the confirmation email.

Completed Declarations for CVA Storage Facilities need to be submitted to the ESO via BSUoS.queries@nationalgrideso.com

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CVA Storage Facility Declaration Template

[Insert company name]
[Insert company address]

For the Attention of: NGESO
BSUoS.queries@nationalgrideso.com
[Insert date]

Director's declaration of CVA Storage Facility(ies)

Dear NGESO Revenue Team,

I [insert full name], being a director of [insert your company name] (company number [insert company number]), hereby declare that, having made all due and careful enquiries, the information contained in this declaration is true, complete and accurate in all material respects and is not misleading by reference to the facts and circumstances at the date of this declaration. Capitalised terms used in this declaration have the meaning given to them in the Balancing and Settlement Code and/or the Connection and Use of System Code unless stated otherwise.

I declare that as of [insert date] the CVA Storage [Facility/Facilities] identified in the annex to this letter [comply with the criteria/will cease to comply with the criteria/ceased to comply with the criteria] in Section 11 of the Connection and Use of System Code. In particular that each CVA Storage Facility to which this declaration relates:

i. performs Electricity Storage (as defined in the Connection and Use of System Code) as its sole function;
ii. is operated by [insert your company name] Generation Licence;
iii. has its imports and exports measured only the Central Meter Registration Service (CM Service (CRS) and where those Half Hourly performing Electricity Storage; and
iv. comprises plant and apparatus registered activities necessary for Electricity Storage,

The specific BM Units which only perform activities described in the annex to this letter.

I declare that any material changes to the operatio any CVA Storage Facility identified in the annex to practicable.

This director's declaration is governed by and cons

Yours sincerely,

[Insert Director's Signature]
[Insert full name]
For and on behalf of: [Insert company name]

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Annex: BMU specific information about your CVA Storage Facility
[to be completed and returned to NGESO]

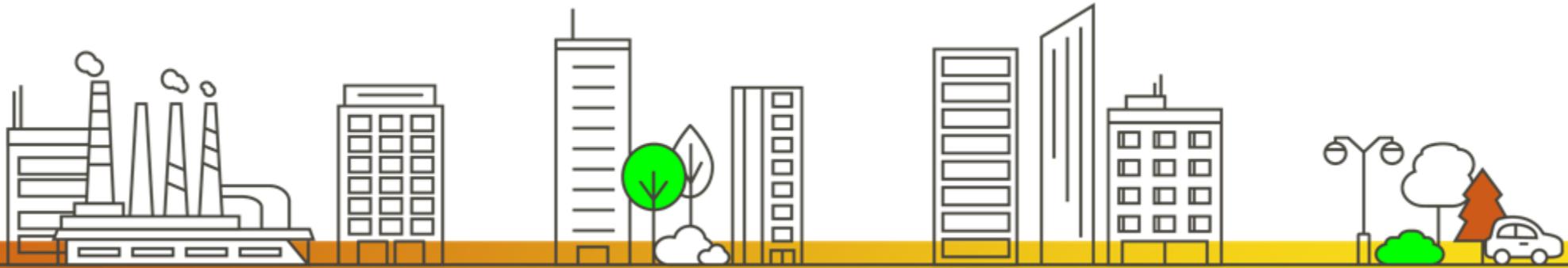| Row No.	Storage Facility Name	Storage Facility Address	BMU ID	Tech Type	Declaration ID (where known)	MSID	Import/Export
E.g.	Unique name for the Storage Facility	Address that identifies the geographical location of the facility, rather than its administrative address, if different	The Balancing Mechanism Unit (BMU) ID for the CVA Storage unit (e.g. T_XXXX)	Short description of the electricity storage technology employed	Unique ID determined by NGESO following the initial declaration of a facility. This field should only be filled in when updating or ceasing an existing declaration	Metering System ID, also known as Meter Point Administration Number	Identifies if the Metering System measures electricity flowing into (Imports) or out from (Exports) the facility. CHARL(1) (I/E)
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Please return your completed declaration before the **8ᵗʰ March 2021** to guarantee that the Storage Unit will be exempted from BSUoS charges on imported volumes from the 1ˢᵗ April 2021.

How?

- A declaration template can be found on the ESO's website here

Completed Declarations for CVA Storage Facilities need to be submitted to the ESO via BSUoS.queries@nationalgrideso.com

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Questions

AOB & Close