

A landscape photograph featuring snow-capped mountains under a cloudy sky. Several bright, glowing yellow lines, representing power transmission routes, curve across the valley floor. The lines originate from the left and fan out towards the right, following the contours of the land. The overall scene is bathed in a warm, golden light, suggesting a sunrise or sunset.

Meeting 121

3 March 2022

**Transmission Charging
Methodologies Forum and
CUSC Issues Steering Group**

nationalgridESO

Agenda

1	Introduction, meeting objectives and review of previous actions Jenny Doherty - NGESO	10:30 - 10:35
2	Code administrator update Paul Mullen - Code Administrator NGESO	10:35 - 10:45
3	TNUoS call for evidence - next steps Grahame Neale - NGESO	10:45 - 11:10
4	AOB and Meeting Close Jenny Doherty - NGESO	11:10 - 11:15

Review of previous actions

ID	Month	Agenda Item	Description	Owner	Notes	Target Date	Status
21-10	Dec 21	BSUoS Operational Update	Share proposed approach for NGESO incentive recovery in future years.	NE		Mar 22	Open
21-12	Dec 21	ESO Bad Debt Recovery	Update on BSUoS and TNUoS bad debt running total.	JM	Current balance £12m, with a forecast at year end of £14m	Mar 22	Open

Code Administrator Update

Paul Mullen - Code Administrator



Authority Decisions Summary (as at 2 March 2022)

Authority decisions since last TCMF		
Modification	What this does?	Decision Date
CMP383	To enable the ESO to recover the costs deferred under CMP381, a licence change is required. This will not be in place for 1 April 2022. Therefore CMP383 seeks to change the recovery of CMP381 costs, to when the new licence comes into effect until 31 March 2023.	Urgent treatment approved 11 February 2022
CMP384	To ensure that fixed manifest error thresholds stated within the CUSC account for inflation and are better aligned with current TNUoS tariffs to which they relate	Urgent treatment not approved 11 February 2022

Authority Decisions Summary (as at 2 March 2022)

On 4 May 2021 (last updated 10 February 2022), Ofgem published a table that provides the expected decision date, or date they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision [here](#)

Modification	What this seeks to achieve?	Decision Date / Anticipated Decision Date
CMP335/336 and CMP343/340	Proposes the methodology for Transmission Demand Residual charges to be applied only to 'Final Demand' on a 'Site' basis, as well as how to treat negative locational charges and the application of any charging bands.; CMP335/336 looks at the Transmission Demand Residual billing and consequential changes	Expected final decision date for CMP343 is now 31 March 2022. Decisions for CMP340, CMP335 and CMP336 Modifications are expected to follow shortly thereafter but are currently showing as TBC 2022 on Ofgem's latest publication (10 February 2022) of anticipated decision dates.
CMP292	Introduces a cut-off date for changes to the Charging Methodologies	Expected decision date of TBC in 2022 (previously 30 June 2021 and latterly 30 September 2021) as Ofgem still consider this to be low priority.
CMP371	Seeks to update CUSC Section 8 such that it is possible, under one CUSC Modification Proposal, to change CUSC provisions relating to Connection Charges, and Use of System Charging Methodologies alongside non-charging provision	Ofgem decision is anticipated 31 March 2022 (as confirmed at Panel on 25 February 2022).

Authority Decisions Summary (as at 2 March 2022)

On 4 May 2021 (last updated 10 February 2022), Ofgem published a table that provides the expected decision date, or date they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision [here](#)

Modification	What this seeks to achieve?	Decision Date / Anticipated Decision Date
CMP308	Seeks to modify the CUSC to better align GB market arrangements with those prevalent within other EU member states by removing BSUoS charges from Generation.	On 18 February 2022, Ofgem advised they would be looking to make a decision on CMP308 on 4 March 2022.
CMP368/369	CMP368 seeks to give effect to the Authority determination within the CMP317/327 decision published on the 17 December 2020 to amend the definition of Assets Required for Connection, create new definitions of 'GB Generation Output' and define Generator charges for use in the Limiting Regulation range calculation. To facilitate the change, CMP369 proposes to update the legal text relating to 'Generation Output' detailed in the tariff setting methodology within Section 14.14.5 and the Ex-Post Reconciliation within Section 14.17.37 of the CUSC to align with the updated definitions introduced by CMP368.	On 24 November 2021, Ofgem sent a letter (which was sent to Panel Members, industry and published on 25 November 2021). This formally confirms that Ofgem intend to wait until judgment has been issued in the Judicial Review before reaching a decision in respect of CMP368 and CMP369, even if judgment is not available before the end of 2021. Ofgem's latest expected decision dates table (published on 10 February 2022) confirms that there is currently no firm date for a decision.

Authority Decisions Summary (as at 2 March 2022)

On 4 May 2021 (last updated 10 February 2022), Ofgem published a table that provides the expected decision date, or date they intend to publish an impact assessment or consultation, for code modifications/proposals that are with them for decision [here](#)

Modification	What this seeks to achieve?	Decision Date / Anticipated Decision Date
CMP377	Seeks to provide clarity on how the BSUoS charging methodology is described in Section 14 of the CUSC. The four areas being addressed are: Covid-19 cost recovery calculations, capitalisation of defined terms in CMP373 legal text, clarifying storage import terminology and general housekeeping	Ofgem's latest expected decision dates table (published on 10 February 2022) confirms that there is currently no firm date for a decision.
CMP328	Seeks to put in place an appropriate process to be utilised when any connection triggers a Distribution impact assessment.	Final Modification Report was sent to Ofgem on 10 November 2021 and Ofgem confirmed at November 2021 Panel that no decision would be made on this until they have received the equivalent STC Modification (expected to be raised to STC's March 2022 Panel). Ofgem's latest expected decision dates table (published on 10 February 2022) confirms that there is currently no firm date for a decision.

In Flight Modification Updates



Other key Modification Updates

Modification	What this does?	Latest
CMP298	Seeks to introduce the process to facilitate aggregated assessment of relevant and collectively relevant embedded generation into the CUSC, which will sit alongside the current Statement of Works process.	The Code Administrator Consultation closed 5pm on 21 February 2022. Draft Final Modification Report will be presented to March 2022 CUSC Panel.
CMP300	Seeks to improve the cost reflectivity of the Response Energy Payment (“REP”) for Balancing Mechanism Units (“BMUs”) with low or negative marginal costs, as a consequence of having a Contract for Difference (“CfD”)	Final Modification Report will be sent to Ofgem on 9 March 2022.
CMP304	Seeks to enable reforms to commercial Reactive Power services that, in the Proposer’s view would create new opportunities for providers.	Workgroup Consultation opened on 17 February 2022 and will close 5pm on 10 March 2022.

Other key Modification Updates

Modification	What this does?	Latest
CMP361/362	Seeks to introduce an ex ante fixed volumetric BSUoS tariff set over a total fix and notice period of 14 months. This tariff would be split with a different price for the summer and winter periods. This will deliver the recommendations of the Second BSUoS Task Force Modification. CMP362 introduces and updates required definitions into CUSC section 11 from CMP308 and CMP361.	Final Modification Report will be sent to Ofgem on 8 March 2022.
CMP380	Removes any gender specific references or terminology within the CUSC.	Appeals Window was run from 9 February 2022 to 5pm 2 March 2022 and no appeals were received in this window. CMP380 will be implemented into CUSC on 9 March 2022.
CMP382	Amend the terminology used in CUSC Section 14 to align with the definitions of 'Financial Year' and 'Business Day' within CUSC Section 11'	Code Administrator Consultation was issued on 18 February 2022 and will close 5pm on 11 March 2022.
CMP383	To enable the ESO to recover the costs deferred under CMP381, a licence change is required. This will not be in place for 1 April 2022. Therefore CMP383 seeks to change the recovery of CMP381 costs, to when the new licence comes into effect until 31 March 2023.	Draft Final Modification Report will be presented to Special CUSC Panel on 10 March 2022.

Other key Modification Updates – Timeline changes

Modification	What this does?	Latest
CMP286/ CMP287	Improve the predictability of TNUoS demand charges by bringing forward the date at which the target revenue (CMP286) and certain parameters (CMP287) used in TNUoS tariff setting is fixed to allow customer prices to more accurately reflect final TNUoS rates.	Workgroup Report to be presented to June 2022 rather than May 2022 Panel as Workgroup on 24 February 2022 agreed that one further Workgroup (on 23 March 2022) will be needed before Workgroup Consultation is issued. No overall impact on when this is submitted to Ofgem though.
CMP288/ CMP289	Seeks to recover additional costs incurred by Transmission Owners and TNUoS liable parties as a result of Transmission Owners completing transmission works earlier than the contracted Completion Date or the party connecting initiating a delay to the contracted Completion Date. The changes to the non-charging element of the CUSC are covered under CMP289.	Workgroup Report to be presented to June 2022 rather than March 2022 Panel as a further Workgroup Consultation is required given the change in proposed solution

Other key Modification Updates – Timeline changes

Modification	What this does?	Latest
CMP315/ CMP375	<p>Review how the expansion constant is determined such that it best reflects the costs involved – CMP315</p> <p>Seeks to amend the calculation of the Expansion Constant & Expansion Factors to better reflect the growth of and investment in the National Electricity Transmission System (NETS) – CMP375</p>	<p>Workgroup Report to be presented to July 2022 rather than May 2022 Panel as Workgroup that was due on 9 February 2022 has been delayed to 9 March 2022 to allow for more time for Workgroup to assess options and ESO to obtain data from Transmission Owners and re-run analysis.</p>
CMP330/ CMP374	<p>Seeks to amend the definition of Connection Assets in section 14 of the CUSC to allow cable and overhead line lengths over 2km to be contestable where agreed between the Transmission Owner and the User.</p>	<p>Workgroup Report to be presented to April 2022 rather than February 2022 Panel as at the meeting on 7 February 2022, the Workgroup agreed to have 2 more meetings (16 and 31 March 2022) to finalise the Original solution including legal text</p>
CMP376	<p>Seeks to implement the queue management process into CUSC including introducing a right for the Electricity System Operator (ESO) to terminate contracted projects which are not progressing against agreed milestones</p>	<p>Workgroups paused to September 2022 to allow the ESO Connections team to fully take into account the feedback received and ensure solution had been fully thought through.</p>

For updates on all “live” Modifications please visit our **new** “Modification Tracker” [here](#)

2022 Dates

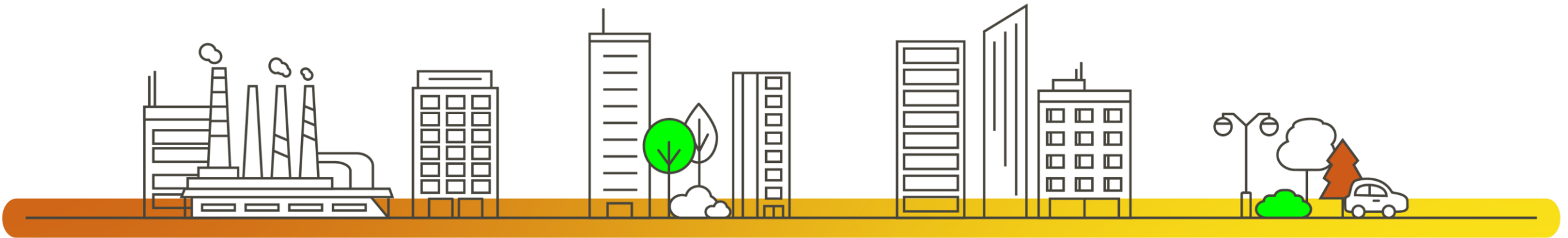


CUSC 2022 - Panel dates

CUSC	(TCMF) CUSC Development Forum	Modification Submission Date	Papers Day	Panel Dates
January	6	11	18	26
February	3	10	17	25
March	3	10	17	25
April	7	12 (Taking Bank holidays into account)	21	29 (Face to Face Meeting)
May	5	12	19	27
June	31/05 (2nd is bank holiday)	9	16	24
July	7	14	21	29 (Face to Face Meeting)
August	4	11	18	26
September	8	15	22	30
October	6	13	20	28 (Face to Face Meeting)
November	3	10	17	25
December	24/11	1	8	16

TNUoS call for evidence - next steps

Grahame Neale



TNUoS Call for Evidence Update

Ofgem have recently published an update following the TNUoS call for evidence describing next steps (<https://www.ofgem.gov.uk/publications/tnuos-call-evidence-next-steps>). Key points are;

- There is a case for TNUoS reform. This reform should be split in to two stages;
 1. Task force(s) focussed on improvements to today's methodology whilst keeping its core assumptions/modelling approach.
 2. Longer-term reform factoring in the changing energy landscape. Too early to launch an SCR today but may be needed in future.
- The task forces should focus on “improving predictability and cost-reflectivity, the inherent trade-offs between the two, and the best way to provide a stable foundation for the energy system over the next ~5 years”

TNUoS Taskforces

- Expectation that the Task force(s) will start with the assumption of retaining the current Transport Model (potentially with significant changes) to aid in stabilising TNUoS and improving its cost-reflectivity (noting the inherent trade off).
- Task force(s) to be mindful of existing CUSC modifications so they are not unduly delayed but prevent duplication
- Delivery of any changes likely 2024-6 (noting above).
- Further info to be provided in next 4/5 weeks;
 - Avoiding gaps between the Taskforce(s) & longer-term reform
 - Full timelines.
 - Terms of reference.
 - Engagement & communications plan
- NGESO are supporting creation of the above.
- Will provide further updates to TCMF as/when more is known

Potentially Interactive CUSC mods

- CMP292 – Section 8 cut-off to Charging methodology – awaiting decision
- CMP286/7 – Fixing MAR and inputs in to TNUoS methodology – in workgroup
- CMP315/375 – Expansion Constant – in workgroup
- CMP316 – Co-located generation – in workgroup
- CMP331 – Use of generic ALFs - raised
- CMP379 – TNUoS tariffs for demand at sites with multiple DNOs – raised

AOB & Close



TNUoS Tariffs 5 Year View: Timing & Sensitivities

Sarah Chleboun

Our 5 Year View for 2023/24 to 2027/28

Context

- Each year, we publish a five-year TNUoS Tariff Forecast. The best view tariffs are highly indicative. Our next one is due to be published at the end of March 22.
- Current Forecast Timetable:



- *Note: We may review this forecast timetable once the outcome of the judicial review has been published, depending on its impact. We will engage with you on any changes required.*
- In our recent webinar, it was requested that we consider delaying publication to increase chances of having more certainty on TDR (CMP343) which is pending an Ofgem decision.

Our Aim

- To get your views on the timing of the 5 Year View
- To share our proposed forecast analysis

Proposed Forecast Analysis

Inputs to be used or sensitivities to be tested.

Inputs to Tariffs	Five Year View
Expansion Constant (CMP375)	Sensitivity testing of the impact of variation in the expansion constant
Change in total £m revenue	Sensitivity testing of impact of additional revenue and its impact on TDR
Future generation & HVDC cables	Sensitivity testing of impact of additional HVDC Bootstraps
Remote Island Links	Sensitivity testing of links to Scottish Isles becoming part of the wider network
Co-located Generation Sites (CMP316)	Sensitivity testing of the impact of CMP316
Pre-existing Assets (CMP368/369)	Sensitivity testing of the impact of CMP368/369
Transmission Demand Residual (CMP343)	Sensitivity testing subject to pending decision on CMP343

Next Steps

Feedback

- Your thoughts?

Get in touch:

- If you have any queries or further suggestions, please get in touch: TNUoS.queries@nationalgrideso.com